

THE INDEPENDENT

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Farms will become killing fields

PAUL FIELD, SARAH HELM and COLIN BROWN

The Government is facing an enormous logistical crisis in making its U-turn on the necessity of slaughtering and destroying 15,000 cattle a week. Experts are saying it will be impossible to achieve on such a scale and there are questions of how to meet the cost which could run to more than £2bn over the next three years.

The Cabinet meets with the crisis over bovine spongiform encephalopathy (BSE) deepening at home and in Europe, while knowing that there are nowhere near enough incineration facilities to dispose of thousands of older cattle.

It emerged last night that the Government has not ruled out the grim prospect of thousands

of carcasses being burned on farmland every week and ministerial sources confirmed that there were "real problems" over a massive disposal programme.

"We could cope with a few thousand, but if we went for the disposal of 4.5 million cows, there would be landfill implications," a source said.

The existing facilities to incinerate dead cows would not be able to cope with the workload.

Ministers are looking at alternatives, including burying carcasses in authorised waste dumps around the country. A statement

on the disposal scheme may not be made immediately after the Cabinet meeting because the Government wants to have in place a comprehensive programme, including a compensation deal with Brussels.

The Government's dilemma

over how to re-establish confidence in British beef was not helped by the European Commission confirming a total worldwide ban on the export of beef and beef products from Britain. The ban will be reviewed at regular intervals, but commission officials were adamant that it would not be lifted until they were satisfied that British beef was safe.

Signalling a U-turn by the Government, which has previously ruled out mass slaughter, John Major said last night on Carlton TV: "The real problem we face now is not that beef is not safe — we believe it to be safe — but the enormous hype and hysteria we have seen over recent days has destroyed confidence in the beef market. We need to make sure that confidence is restored."

He said ministers would need to know how much compensation the European Union was prepared to pay and wanted the unjustified ban on British beef lifted.

The number of workers laid off because of the beef crisis soared yesterday amid fears that tens of thousands of jobs could be lost by the end of the week. More than 2,500 abattoir and meat-processing workers have already lost their jobs.

The British Veterinary Association last night dismissed as

unworkable the plans to destroy up to 15,000 cows a week for up to three years, drawn up by the National Farmers' Union.

The removal and destruction of older cows from the food chain could result in pits being dug on farms, animals shot with a bolt pistol and their carcasses set alight.

Inquiries by the *Independent* have revealed that the Ministry of Agriculture is considering this option because it would only be able to cope with the incineration of 7 per cent of the older

INSIDE PAGES

BSE crisis continues: Panic in France; Parliamentary Sketch: Jamwurst by election overshadowed; How much BSE is there in the rest of the world? page 2 Letters, page 18; How The Archers has handled BSE, page 19.

cows earmarked for culling. There are now only nine incineration plants in Britain which can handle around 1,000 cattle a week. They are already destroying 300 cows infected with BSE each week, which adds up to a shortfall of around 750,000 per year if the Government adopts the NFU proposals.

However, the body which controls the incinerators said last night that if the NFU's plans were reduced, they could cope with around 3,000 a week. To build extra incinerators would cost £1m each and take a year to be ready to run.

David Stevenson, president, BVA, said of the NFU plan: "It is mind boggling. It would not last for months, it is a nonsense.

"This measure is supposed to restore consumer confidence but if the public see carcasses

being burnt in fields and think infection could get into the water supply it will have the opposite effect."

He explained if farms were used for the destruction of thousands of older cows, pits two metres deep would have to be dug with JCBs and cranes used to dump the carcasses and shot through the brain.

He claimed the State Veterinary Service, with its duty to regulate the operation, would not be able to cope. Citing the foot and mouth epidemic in 1967 when tens of thousands of carcasses were burnt in pits on farms, he said the procedure was distressing for vets.

To deal with the BSE crisis, private vets would have to be called in and they are unlikely to be prepared to oversee the culling. Vets have also expressed environmental concerns about burning carcasses on farms. There is a fear that BSE could find its way into grazing land. Mr Stevenson said tight controls would have to be in place.

A Ministry of Agriculture, Fisheries and Food spokesman explained the majority of the nine commercial incineration plants were set up in the late Eighties specifically to destroy BSE-infected cattle. He admitted the digging of pits on farms was an option being considered. "We cannot rule it out at this stage. We would have to take the view of the scientists."

The NFU is calling for cattle normally slaughtered at the end of their working lives as dairy cows or suckling mothers to be stopped from entering the food chain. This meat usually ends up in sausages and meat pies.

Blair to put manifesto to party vote

DONALD MACINTYRE
Political Editor

Tony Blair yesterday took the Labour Party and its opponents by surprise by unveiling a plan to put the basics of his election manifesto to a referendum after it is put to the party conference and after a November Budget.

The first of a series of new policy proposals, which will form the basis of the pre-manifesto document to be completed by June, will be unveiled today by David Blunkett, Labour's education and employment spokesman, with a move to replace the party's traditional commitment to a training levy with a new £150m "learns as you earn" scheme.

Labour leaders are expecting union protests at the loss of the training levy, which has been party policy for the last three general elections. But they are expecting a welcome from the CBI for the new scheme, which will provide state grants for employees willing to provide £25 of their own money to fund their training.

The training provision may be changed to a "smart card" held by the employee while individual and employer contributions on top of the basic funding will be subject to tax relief.

The party will also today announce an extension of its "Investing in People" scheme to offer tax credits to smaller firms undertaking approved training.

Andrew Marr, page 19

not be included in the document described yesterday by Mr Blair as an early version of the manifesto — which will be approved by a referendum after it is put to the party conference and after a November Budget.

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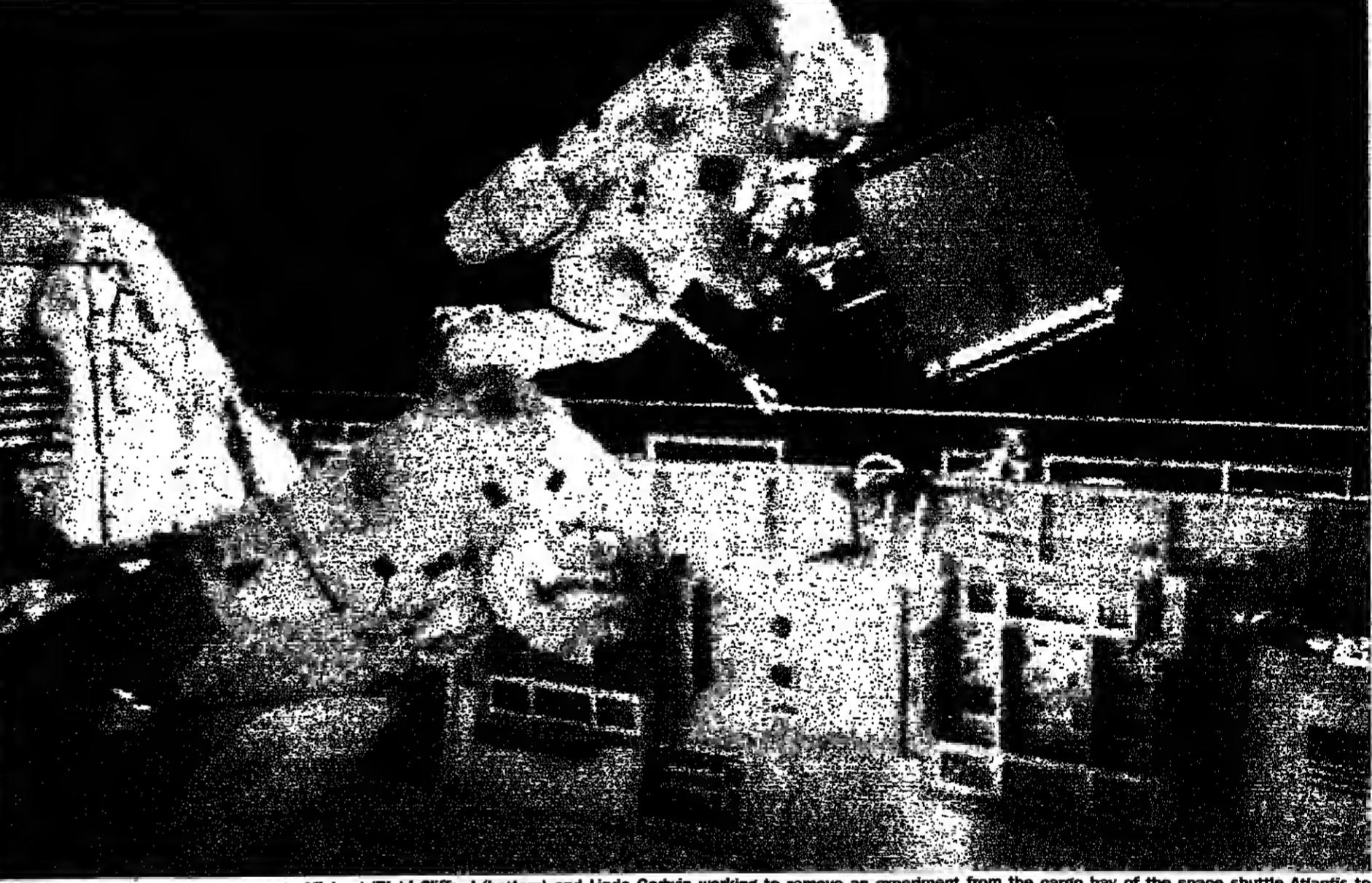
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Andrew Marr, page 19

A short walk through the universe, 249 miles high



Out in space: The American astronauts Michael 'Rich' Clifford (bottom) and Linda Godwin working to remove an experiment from the cargo bay of the space shuttle Atlantis to mount it in the docking module of the Russian space station Mir during their six-hour spacewalk yesterday. Atlantis is scheduled to undock from Mir today. Photograph: AP/Nasa TV

Raw sewage may be to blame for Sellafield leukaemia cases

TOM WILKIE
Science Editor

Raw sewage and not radiation may have caused the cluster of childhood leukaemias near British Nuclear Fuels' Sellafield reprocessing plant in Cumbria, a group of experts has concluded.

The children of the local vil-

lage of Seascale may have developed leukaemia as a result of infection — by some virus as yet unknown — brought into the area by construction workers who arrived to build the plant in the late 1940s and early 1950s, according to Professor Bryan Bridges, chairman of the Committee on the Medical Aspects of Radiation in the Envi-

ronment (Comare). He cau-

tioned however that this idea

was still "speculative".

Professor Bridges said that radioactivity discharged from the plant could not account for the clusters of childhood can-

cers. He also discounted the

idea that the cancers had been

caused because fathers who

worked at Sellafield had been

irradiated just before their chil-

dren were conceived.

Since 1954, 17 people under

the age of 24 resident in

Seascale have been diagnosed

as suffering from some form of

cancer, almost all from

leukaemia and Non-Hodgkin's

Lymphoma (NHL). In an ex-

haustive report published yes-

terday, which surveys the

evidence, the members of Comare say "we are in no doubt that the raised incidence of cancer and NHL which has occurred in the young people of Seascale, and its persistence over several decades, is proba-

bly unique in this country".

None the less, Comare is rec-

ommending that no further in-

tensive research should be

carried out into the cluster of

cancers in the Seascale. Al-

though the incidence of can-

cer and accidental discharges of

radioactive effluent from the Sel-

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news

The BSE risk: British objections to Brussels' ban on beef swept aside as fears continue to grow abroad

World ban confirmed as panic spreads

SARAH HELM
Brussels

The European Commission yesterday imposed a worldwide ban on the export of British beef as Europe grappled with what has now become its biggest food crisis in recent memory.

As panic spread throughout the Continent over a slump in European beef sales, the Dutch government ordered the slaughter of 64,000 British cattle in the Netherlands and advised its public not to eat British beef.

France, where sales have fallen by 30 per cent since last week, called for an emergency European Union meeting.

Britain's persistent protestations that there is no scientific evidence of a link between BSE

and beef products from the United Kingdom to other European Union countries and to the rest of the world. The ban covers any medicinal, pharmaceutical or cosmetic products using beef extracts, but does not include milk or dairy products.

In an effort to spur Britain into agreeing a slaughter plan in order to bring the crisis under control, the Commission offered to help compensate British farmers and stabilise the stricken British market, once proposals had been brought forward by London.

However, Mr Fischler would not be drawn on how much money the Commission might offer, putting the onus squarely on Britain to produce clear eradication proposals for discussion with Brussels.

"The Commission is ready to assist the UK both in terms of support for stabilising the beef market aimed at safeguarding incomes and in further control measures against BSE," he said. However, at a press conference later Mr Fischler insisted: "There are no blank cheques. Nor should the impression be given that we are waiting to run out of pay. I can't produce a figure nor am I going to."

The Commissioner revealed that he had telephoned Douglas Hogg, the agriculture minister, yesterday when Mr Hogg had agreed to come to Brussels with a team of experts to discuss eradication plans. No timing for the visit was given, and Mr Fischler would only say it would be "within weeks". A committee of specialists from all EU states is to visit Britain to examine any measures to eradicate BSE.

As Brussels braced for the inevitable condemnation from Britain over the ban, Mr Fischler stressed that the decision had been taken in the interests of the entire European industry. "This decision constitutes the first step towards stabilising the situation, reassuring consumers on the safety of beef and safeguarding the EU's beef industry both internally and externally," said the statement.

Mr Fischler cited the decision by Egypt to ban all EU live animals, as one example of why it had been necessary to impose a world-wide ban on British beef exports.

* In the last six countries the infected herd was imported.

Source: MAFF

EUROPE

BURNING ISSUE

Burning issue: Incineration plants like this one at Liskeard, Cornwall, could soon be working round the clock if a cull is ordered. Photograph: Andrew Testa

A black and white photograph showing a large industrial incineration plant with several tall chimneys emitting smoke. In the foreground, a person wearing a dark jacket and a hat is standing near some equipment. The scene appears to be outdoors in an industrial area.

Burning issue: Incineration plants like this one at Liskeard, Cornwall, could soon be working round the clock if a cull is ordered. Photograph: Andrew Testa

Thousands of jobs at risk as industry grinds to a halt

PAUL FIELD

The number of workers laid off because of the beef crisis soared yesterday amid fears that tens of thousands of jobs will be lost by the end of the week.

More than 2,500 abattoir and meat processing workers have already been made redundant, laid off or sent on leave owing to collapse in consumer demand. And with job losses continuing to rise, the Transport and General Workers Union called on the Government to pay compensation to workers facing redundancy. The grim picture of the state

of the industry was painted by Terry Lee, head of exporting at the Meat and Livestock Commission. "It is devastating. People have been sent home from abattoirs, cool-rooms are full of meat and the yards are full of cattle and the whole thing has come to a stop overnight," he said. "There are 15,000 people working in the abattoir sector and I suspect half of those have been temporarily laid off. Jobs are at risk unless we can find a way of moving meat through the system. Everything is clogged up at the moment."

Farms, abattoirs, processors, vets, meat inspectors and hauliers are all major players in an industry which employs more than 500,000 people before shoppers buy their meat.

Among them are 8,500 haulage workers employed to transport cattle, 7,500 in the auction business, 62,000 in meat processing, 3,500 in animal by-products, 25,000 agricultural workers and 11,000 butchers.

Furthermore, the number of workers affected is certain to rise as a consequence of the EC ban on beef products used in confectionery and medicines. Beef sales plunged for the

seventh day running at supermarkets across the country yesterday. The supermarkets group Somerfield reported a drop of 43 per cent since the announcement of a possible link between BSE and CJD.

A spokesman for Asda warned: "We are looking for real action, not just marketing trickery . . . There is no doubt that people are not sufficiently reassured yet as to the safety of British beef . . . People require more reassurance."

And Tesco spokesman added: "Sales are noticeably down but we've seen a corresponding rise in other meats."

Labour exploits issue in poll

JOHN RENTOU
Political Correspondent

With two weeks to go to polling day, Staffordshire South East is in danger of becoming the "mad cow" by-election.

Gavin Strang, Labour's agriculture spokesman, sought to exploit the BSE issue yesterday with a visit to a dairy farm in the constituency and a photo-call with Flo, a prize milk cow under sentence of death.

Until the beef crisis erupted, the Conservatives had hoped the by-election in the prosperous Birmingham overspill town of Tamworth would proclaim the turning of the tide in the party's abysmal electoral fortunes.

There has only been one previous by-election in a Conservative seat vulnerable to Labour this Parliament, in Dudley West in December 1994, when Labour's Ian Gibson won with a post-war record 29 per cent swing.

During that campaign the Government was defeated in the Commons on VAT on fuel and Tory party unity was shattered when eight MPs were temporarily expelled from the party in Parliament.

The Tories had hoped their new-found unity on Europe in the run-up to this weekend's Tenth summit, combined with good economic news, would give their blustery reassurance efforts a fighting chance.

But then came last week's announcement. "It did cause absolute panic and I wonder if it could have waited," said Tom Cope, the dairy farmer visited by the Labour campaign yesterday. He said it would be like "losing a member of the family" if Flo who was born in 1989 had to be slaughtered.

■ Staffordshire South East 1992 general election: D Light (C) 29,180, B Jenkins (Lab) 21,988, G Penlington (Lib Dem) 5,540. Conservative majority 7,192.

IN BRIEF

Airline faces trial on 'emergency landing'

British Midland Airways will face a crown court trial over a holiday flight which was forced to make an emergency landing with 177 passengers on board.

The Boeing 737-400 suffered an oil leak after taking off from East Midlands Airport for Lanzarote on 23 February last year and the pilot had to land the plane at Luton Airport 13 minutes later. In the first prosecution of its kind, the Civil Aviation Authority has charged the company with negligently endangering life. Magistrates at Luton yesterday committed the case to the town's crown court.

Stamp prices rise

The cost of sending a letter is to rise by 1p in the summer, the Post Office announced yesterday. First class stamps will increase from 25p to 26p and second class stamps will go up from 19p to 20p. The increases, from July 1, follow a two and a half year price freeze.

Blaze murder hunt

A murder hunt was launched yesterday after a man's body was found in a burning house. Minesh Nagrecha, 24, had been the victim of a knife attack before his 1990's semi-detached home in Hemel Hempstead, Hertfordshire, was set alight.

Navy's bottom line

The Royal Navy's famous bell-bottomed 'trousers' will stay. There was an outcry when it was disclosed in 1994 that they were to be axed, but a change of heart means some flare will be kept in the trousers for aesthetic reasons. Kilts will also be allowed in the mess for the first time.

Newspaper 'guilty'

The newspaper watchdog has upheld a complaint by Graham Riddick, the Tory MP for Colne Valley, over cash-for-questions allegations. The Press Complaints Commission said the *Sunday Times* should not have used subterfuge to obtain its story after an undercover reporter investigated claims that MPs took cash for asking questions in Parliament. But it said the paper had the right to protect confidential sources and use subterfuge in "appropriate and special circumstances".

Reliant on Robin

Tourism chiefs in Nottingham refuse to ditch Robin Hood as a symbol of their city despite plans by business to replace the hero of Sherwood Forest. An actor dressed as Robin took centre stage at the British Travel Trade Fair in Birmingham.

Lottery bonus

National Lottery tickets could soon bear advertising slogans. Lottery organiser Camelot is aiming to earn more than £1m a year by offering firms the chance to join forces in exclusive marketing deals.

School head accused

A head teacher has been charged with sex offences against pupils in South Tyneside, some dating back 20 years. Kenneth Watson, 46, was arrested yesterday and charged on 14 counts of indecent assault, two on boys and 12 offences against girls under the age of 14.

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news

Lizard puts man in the shade with ability to walk on water

TOM WILKIE
Science Editor

Walking on water is scientifically possible: two American researchers have established, but only lizards can do it - and the lizards are really walking on air. Dr J W Glashen and T A

McMahon, of Harvard University, captured seven basilisk lizards in Costa Rica and put them (literally) through their paces in a glass water tank in the laboratory. These lizards are well known for their ability to "run" on water - not swimming, but not sinking either.

In fact, the researchers found that the lizards do not run on the water. They do slap their feet down flat on to the surface, but most of the support for their weight comes from bubbles of air sucked in behind the foot as it strokes downwards like a swimmer in the water.

The lizards get their feet out quickly, before the air bubbles collapse. They move at such a speed they can lift their legs and continue across the water before the cavity of air disappears.

But the ability to run across water is bought at an enormous expenditure of energy. The lit-

tic lizards, which weigh just 90g, have to develop a mechanical power of about 29 watts per kilogram of body-weight. The maximum sustained output that a human being can manage - say a fell runner going uphill - is about 20 watts per kilogram.

The lizards have such powerful backlegs the researchers estimate they could manage 135 watts per kilogram and that "at least 21 per cent of the basilisk's body mass is involved in powering hind limb motion". Humans are also stopped from running across water by the size and shape of our feet and legs, and the maximum speed with which we can run. To move on before each bubble of air collapses, a human water runner would need to stroke downwards through the water at almost 30 metres a second beyond human ability.

Found guilty: Tory MP for Chelsea failed to stop after drink-driving accident in which a baby boy was trapped between cars

Former minister banned after crash

WILL BENNETT

The former Conservative minister, Sir Nicholas Scott, was banned from driving for a year and ordered to pay £900 yesterday after a court heard that he trapped a baby boy between two cars after drinking alcohol at a party.

Sir Nicholas, MP for Chelsea, then left the scene of the accident in his west London constituency without knowing whether Thibault Perreau, aged three, had been injured.

"You had no idea what damage might have been caused to the car in front of you or what possible harm could have been caused to the child," Roger Davies, the magistrate at Horseferry Road court in London, told Sir Nicholas.

Sir Nicholas, 62, formerly Minister for the Disabled and a junior Northern Ireland Minister, pleaded guilty to driving with excess alcohol in his blood and was banned from driving for 12 months, fined £200 and or-

dered to pay £450 costs. He denied failing to stop after an accident but was found guilty and fined another £250.

Peter Caton, for the prosecution, said that last June Sir Nicholas left a party at the Chelsea Farmers Market with his secretary and was about to drive off in a red Volvo automatic borrowed from Lady Ena Fairlie-Hawk, his mother-in-law. The car jumped forward and shunted a Volvo estate, trapping Thibault between this vehicle and another car. The boy was asleep in his buggy, which was being pushed by his parents who were standing between the two cars waiting to leave a taxi.

The boy's father, Yves Perreau, a Swiss banker, described how he tried to free his son as passers-by shouted and attempted to make Sir Nicholas pull his car back to release the child. He said he later tried to find the driver but could not. He said: "The defendant was in a trance state."

The court was told that after being freed Thibault was taken to hospital, where a doctor found he had some reddening on his lower back but was otherwise unharmed. Police interviewed Sir Nicholas two hours after the accident at the nearby home of his doctor. They had received a telephone call to say that he was there waiting to be interviewed.

Constable Philip Logan said that Sir Nicholas told him he had drunk a couple of glasses of wine at the party and was later given a glass of whisky by his doctor. Tests showed that the MP had 98 milligrams of alcohol per 100 millilitres of blood. The legal limit for driving is 80 milligrams.

Sir Nicholas, of Battersea, south-west London, told the court he was not used to the car. It had pulled forward but he did not think anything serious had occurred. After being helped to reverse it, he went to see what had happened. He saw a child crying but was told by a paediatrician, who had been at the party, that the boy was not hurt. He said he patted the child on the head and walked to the nearby Conservative con-

situency headquarters to phone for police or an ambulance. He added: "I didn't think there was any doubt about my identity. I assumed people knew who I was. I had no reason to believe anyone was injured."

Sir Nicholas said he had found the party offices closed and had walked back to the scene to find people there excited and in a state of "confusion" so he decided to wait for police at his doctor's home. He declined to comment after the case yesterday.

Sir Nicholas, a leading Tory "wet", has been involved in controversy before. In 1994 he admitted that he misled MPs when he denied that his department had been involved in wrecking tactics designed to kill the Disability Bill.

DoE admits killing fish

The Department of the Environment yesterday admitted responsibility for the deaths of thousands of fish in a river in Co Down, Northern Ireland.

The salmon and trout died after chemicals from a water treatment works in the Mourne Mountains leaked into the Upper Bann Fish along an 18-mile stretch between Rathfriland and Banbridge were affected. Anglers said that it could be up to 15 years before the river was properly restocked.

The leak has been traced to an underwater pipe at the Foyley water treatment works

near the Spelga dam reservoir in the Mourne.

Preliminary scientific analysis has still to be completed, but the Department of the Environment has promised that an immediate and detailed inquiry will be launched.

The chief executive of the water service, Henry Pester, said:

"We plan to carry out a full investigation of the water-treatment works and its performance, and to take the necessary steps to avoid a recurrence of any problem which might be identified."

The Northern Ireland Fish-

ery Conservancy Board reacted angrily to the disaster. Bill Smyth, the chief executive of the board, said: "Fish of several generations, particularly trout, have been lost. We will have to restock from other sources and it is going to take five to ten years for the river to recover."

Two other rivers in Northern Ireland, the Mourne near Onagh, Co Tyrone, and the Bush at Portballintrae, Co Antrim, have been devastated in earlier killings of fish stocks caused by commercial pollution.

Flyposter tells court he was 'set up' for fatal shooting

A flyposter charged with shooting two men, one of whom died, in a city centre yesterday told a court that he was nowhere near the scene of the attack.

Marcel Williams, 32, of Old Trafford, Greater Manchester, told Liverpool Crown Court that he was at a barbecue in Hale Barns, Cheshire, from late afternoon until about 9.30pm before he went to a pub with his brother and other people.

He then spent the night at his girlfriend's flat, but the following day learnt that he was being "set up" for the shootings. He received a telephone call at his home from someone with a local accent saying that he was "a dead man".

Mr Williams denies murdering Chris Horrox, 30, of Glossop, Derbyshire, and attempting to murder his business partner Jimmy Carr, 46, of Sale, Greater Manchester.

The court was told that Mr Carr and Mr Horrox were out at night putting up bills when Mr Carr was hit by four bullets and Mr Horrox was shot through the head on 2 May 1994.

Mr Williams said that he and Mr Carr "got on" and although they had different personalities, there was no reason for him to shoot him. He said that he had only met Mr Horrox on one or two occasions and had thought he was a student.

Four days before the shoot-

ing Mr Carr had told him and an acquaintance, Gregory Clark, that he had a consignment of guns coming that weekend. Mr Williams said.

He said Mr Carr also claimed in early January that year that Mr Horrox was going to drive him down to London to pick up some guns and bring them back to Manchester.

Mr Carr has told the court that he and Mr Horrox, who worked for his London-based brother, were out flyposting because Mr Horrox had a rush job of film posters. He said that they were about a mile from the city centre, when Mr Williams arrived and asked, "what's happening?"

Mr Williams left and returned about 11pm when they were working at the junction of Sackville Street and Broad Street, walked towards them and shot him twice, according to Mr Carr.

He said that he pretended to be dead, was shot twice more and then heard Mr Williams shoot Mr Horrox. Convinced that he was dying he gathered several people around him and named Mr Williams as his assailant.

Mr Carr, who runs the fly-posting business in Manchester, has told the court that he was not involved in the firearms or drugs trades.

The case continues.

Woman carer cleared in 'mercy killing' case

A woman accused of attempting to murder a 71-year-old cancer victim walked free from court yesterday after the prosecution offered no evidence and said it was not in the public interest for the case to proceed.

Rachel Heath, 31, of Woolston, Southampton, had continually denied attempting to murder widow Kathleen Corfield and a second offence of administering diazepam.

Mrs Corfield, a retired civil servant, was receiving treatment for terminal cancer and died in Southampton General Hospital in December 1994.

Minutes before she died in the dock at Winchester Crown Court, Mrs Heath, a home-help who had cared for Mrs Corfield, was told that the bearing was not going

to proceed. She wept and hugged friends, but left refusing to make any comment.

Philip Mott QC, for the prosecution, said the decision had been taken to offer no evidence against the defendant and she should be found not guilty. He explained the Crown Prosecution Service acted in accordance with a set of rules which made it clear there were two stages in a prosecution.

The first stage was an evidential test but even if a case passed that one, prosecutors had to decide if the prosecution was in the public interest.

He said the decision not to proceed was not caused by any re-assessment of the evidence, although it was fair to say the defendant had always denied any involvement in any illegal action. There was a balance of

public interest factors, including a likely sentence. If a court was likely to impose a small or nominal penalty, that may be a major factor against prosecution in a trial which could take a long time, involving witnesses with emotional involvement and being an emotional experience for the defendant herself.

That was considered before a trial, but before a trial the prosecution could only have in mind a bracket of what a judge might consider by way of sentence. Mr Mott told Mr Justice Ognall: "Your lordship has very kindly made certain views known about your assessment of the evidence, even if we prove what is set out, those views must go into the balance and cause a consideration of the public interest."

He said the decision made at

a high level in the CPS, had not taken lightly.

Mr Justice Ognall said the case involved very unusual circumstances. "It should be clearly understood neither the investigating nor prosecuting agencies are to be faulted in any way over bringing the matter this far. They would, in my judgment, have been failing in their duty had they done anything else."

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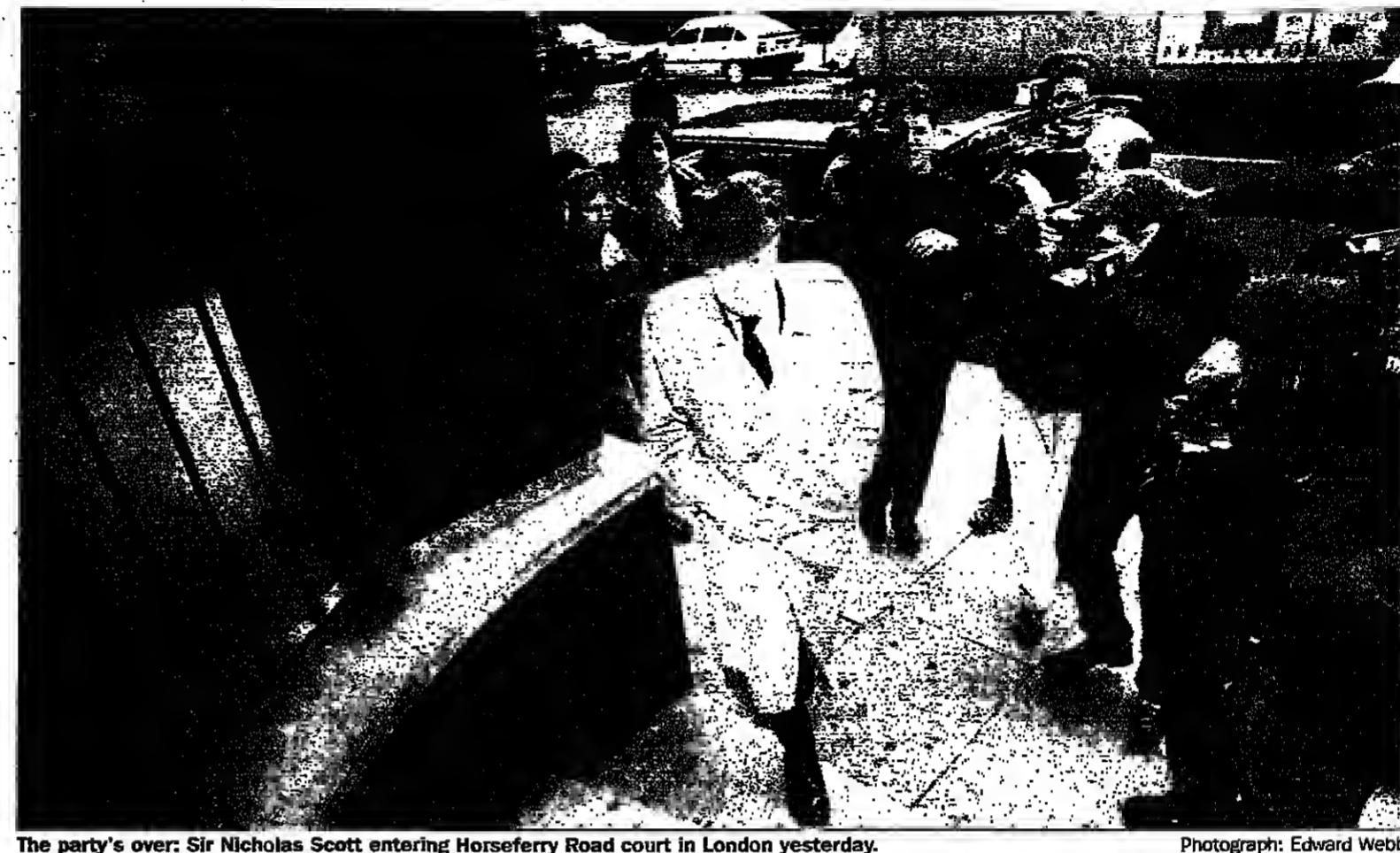
It is still untouched by additives, chemicals and human hand.

And of course, it still sports its famous green glass bottle. (Glass, because mere plastic cannot preserve Perrier's distinctive sparkle for long periods.)

In short, it is still the original.

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perrier



Photograph: Edward Webb

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0800 00

Care in the community: First they lost his notes, then they ignored his therapist's report, then he slaughtered three people

GLENDY COOPER

Psychiatrist ignored a report detailing the homicidal fantasies of the schizophrenic Jason Mitchell, who later went on to kill three people, an inquiry revealed yesterday.

And key evidence about Mitchell's mental health was undervalued and not passed on to different agencies.

The inquiry, which made 49 recommendations, called for the scope of future mental health services to be broadened so that patients' psychological states were considered rather than just giving them medication.

Sir Louis Blom-Cooper QC, who chaired the inquiry, said: "Only then can there be a real hope and expectation that the seriously mentally disordered can be cared for and treated such as to reduce to an irreducible minimum the cases of homicide or near homicide."

In December 1994 Jason Mitchell, then 24, strangled an elderly couple, Arthur and Shirley Wilson, in their home in Bramford, Suffolk, after absconding from a half-way house.

Five days later he strangled and dismembered his father, hiding the head, arms and legs in the loft.

Sir Louis said that the triple killings could not have been predicted and were not preventable. However he added: "Had different steps been taken at various stages from 1989 onwards the ultimate outcome might have been avoided."

Mitchell was sent to West Park Hospital, Epsom, Surrey, in 1990 after he assaulted a 70-

year-old church cleaner with a baseball bat. A year later he was given conditional discharge by a mental health review tribunal. He revealed his thoughts to Jackie Leaver, an occupational therapist at West Park, and

light of their patients' emotional lives as well as their mental condition.

It also notes that lack of communication between agencies had exacerbated the problems.

"The prison services did not op-

seen by courts or doctors dealing with his case as they were lost in the prison system.

And when the mental health tribunal agreed that he could be conditionally discharged from West Park if suitable accom-



Jason Mitchell: Clues to his mental state were ignored, an inquiry says. Photograph: PA

Schizophrenic with ambition to climb 'social ladder of killing'

"I needed to make an impact killing - it had a big impact on me and the rest of society - because I was my father... In Silence of the Lambs he says he killed his parents when he was six [sic] years old. It had no bearing at all on my killing the Wilsons. It's just a job's worth doing its work doing well. I'd had an impact kill, I regret I didn't finish what I'd planned and killed more people."

"There was something about my feet. I had to

In February 1991 she reported on his homicidal fantasies. Ms Leaver recorded that he had once "carried a machete around with him and fantasized about how he would use it if attacked . . . He also had a thought that it would be a fun thing to do if he killed a vicar for Christmas in his hometown of Bramford."

She warned: "If Jason returns to his past way of life he could become a danger in the community."

But Ms Leaver's report was "dealt with dismissively by clinicians and members of staff", said the inquiry. "Had there been a concerted effort to elicit from Jason Mitchell himself the homicidal intention which he had fleetingly communicated to some people . . . there would have been a perceived need for clinical evaluation."

The report calls on those responsible for the care of the mentally ill to understand seriously disturbed behaviour in the

erate sufficiently in harmony in ensuring that those discharged into the community, either from prison or hospital, are properly supervised," said Sir Louis.

Records from when Mitchell was on remand and then in youth custody in the late 1980s showed he was exhibiting disturbing behaviour even then. But these records were never

moderation could be found, they were unaware of the seriousness of the attack he had made on the church cleaner, Jim Powell. The panel recommended that in cases where serious or dangerous criminal acts involving mentally disordered people take place, the Crown Prosecution Service should prepare a "full account".

The health minister, John Bowis, said Sir Louis' report "makes it clear that there was no single act or omission that contributed to these tragic deaths".

Young risk health to ape supermodels

Children as young as eleven are risking their health by trying to look like skinny supermodels, according to new research.

A Health Education Authority (HEA) survey of 11- and 12-year-olds found that half of girls and one-third of boys had anxieties about the shape and weight of their bodies. It claims that, by the time they are twelve, twice as many girls as boys want to lose weight, and blames the influence of fashion models for low self-confidence and poor self-image in children as they strive in vain to live up to the supermodel ideal.

Parents, meanwhile, are floundering in their attempts to help because they are ill-equipped to discuss sensitive issues such as body image with their children, the report says.

The HEA has called for guidelines to be produced to help parents deal with the five stages of childhood—antenatal, postnatal, pre-school, 5- to 11-year-olds and teenagers.

Kathy Elliott, director of family and child health at the HEA, said: "Parents' need for information only begins when they have their first baby but it continues, and evolves, as their children grow. They want reassurance about what is 'normal' behaviour."

Research found that mothers were often unprepared for the shock of a new baby—even after antenatal classes—and that outside support for the mothers lessened as their children grew older.

The report recommends that more attention should be given to the emotional aspects of parenting, and in particular to the needs of fathers and boys who lacked awareness when it came to issues of stress, sex education, and relationships.

Despite the recommendations the report—the first to examine parents' and children's perspectives on health—concludes that no model of parenting is better than another.

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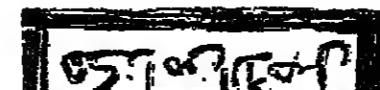
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news

Dearing heralds 16-plus exams shake-up

JUDITH JUDD
and FRAN ABRAMS

Ministers yesterday accepted wide-ranging reforms of exams for pupils after the age of 16 put forward in a report heralded as the biggest shake-up for 40 years. The report from Sir Ron Dearing aims to bridge the gap between academic and vocational qualifications by creating a new national diploma for students starting courses in September next year.

A new Advanced Subsidiary exam to be taken after one year in the sixth form would encourage students to study up to five subjects. And both A-levels and advanced vocational qualifications (GNVQs) would become tougher. The latter would be renamed Applied A-levels.

Sir Ron said: "How shall we achieve the aim of bringing academic and vocational pathways together? There is only one way and that is by their intrinsic quality: by making them first class."

Teachers and politicians welcomed Sir Ron's report. Gillian Shephard, Secretary of State for Education and Employment,

- A new National Diploma for students with two A-Levels, an applied A-Level (formerly known as GNVQ) or an equivalent job-related qualification. Diploma students must take "key skills" – communication, number and information technology.
- A new intermediate exam so students can study four or five subjects in the lower sixth before choosing which three A-Levels to take.
- The lowest-achieving 20 per cent of 16-year-olds will have the chance to do work-based courses in further education colleges while remaining on their school's roll.
- High-fliers will be able to take revised Special Papers and to study for units of degree courses while still at school. They will also be offered a revamped General Studies A-level.
- Easier A-Levels in the arts and humanities will be made tougher so the same number of high grades are awarded in all subjects and by all exam boards.
- Vocational A-Levels will be reformed to improve their status with universities and external examiners will be appointed.
- Youth training will be relaunched as a system of National Traineeships run jointly by employers and colleges. These will lead to Modern Apprenticeships, job-based training which can lead to university entrance.

said: "We need a wide range of rigorously high quality qualifications. Only in this way can we build a well educated and highly skilled adult population for the 21st century."

David Blunkett, Labour's education and employment spokesman, told the Commons: "It is time to set aside the prejudice that has been in place for far too long against those who are prepared to soil their hands

by working in industry and commerce."

David Hart, general secretary of the National Association of Head Teachers, said: "It is absolutely vital that GNVQs have equivalence with A-levels, otherwise the existing two-tier system will be perpetuated. Changing the name will not of itself give parity of esteem but, combined with more rigorous vocational awards, it will be a

major step in the right direction.

He added, however, that the new diploma would not ensure that everyone studied a broad range of subjects because it was not compulsory. Independent and state school heads in the Joint Association's Curriculum Group welcomed the new Advanced Subsidiary exam and the introduction of key skills but said they did not support the national diploma. "Members are uncertain how attractive it will be to learners. Qualifications must also have a currency with employers and higher education. Only time will tell if that is the case," a spokesman said.

University vice-chancellors backed the review's support for broader sixth-form education but warned that there were practical obstacles to the proposal for bright sixth-formers to take units of university courses.

Doug McAvoy, general secretary of the National Union of Teachers, said: "I regret that Sir Ron has had to bow to the A-level gold standards lobby and has not been able to achieve greater integration of A-levels with other subjects."

Education, page 19

View from a college: A principal and three students react to the report



David Kelly, principal at Palmer's College in Grays, Essex.
Jordan Cotter, 17, is taking A-Levels in history, PE and human biology.

David Kelly, principal at Palmer's College in Grays, Essex.

"We specialise too early in this country. I don't think there is anyone in the sector who isn't worried about the drop-out rate from A-Level. I would endorse the idea of intermediate exams. My concern is about parity of esteem between vocational and academic education. If you are going to let the students transfer to college at 14 you should also allow the high-fliers to enjoy the range of subjects a sixth-form college can offer, such as psychology or a range of languages. Then you might have a chance of delivering. If you only let out the pupils the schools want to get rid of, you will increase the divide between vocational and academic education even further."

"A few boys at my school finished their GCSE courses and didn't take any exams, and a lot of others didn't pass any. I think letting them go to college is a good idea – it seems pointless doing two years' work for nothing. I don't think you can even up the different A-level subjects. People say humanities are an easy option. They tell me PE is and easy A-level but in the last two years I have had to study six different areas in depth. That's quite hard."



Sandra Simmons, 18, is studying for A-Levels in English, maths and psychology.

"Some people are better off doing work training. A friend of mine didn't like the work we were doing at school and was asked to leave so he went and got a job as a mechanic. Now he's matured a lot and is doing really well. At our college we already do extra courses as well as our A-Levels. A lot of the coursework comes in the second year so to make up the time you do something that will interest you. I did a GCSE in photography and a word-processing course. It gives you the chance to take up new interests."

"I think they should make it easier for people to go back to school. Both my mum and dad went back to get Maths GCSE. When they thought about it they thought they wouldn't be able to do it because they would have to learn with 16-year-olds. It was a hard decision. The assumption is that you don't get colleges with older people in. Also, they had to pay for it. My dad left school at 14. If the government wants to encourage people like him to go back into education, they should make it free."

Parents reveal cycle of bullying

JUDITH JUDD
Education Editor

Three out of five parents say that their children are bullied at school, according to a report published yesterday.

Bullying sets up a cycle of misery, with parents who are bullied being more than twice as likely as others to have children who are bullied.

The report from Leeds Metropolitan University and the National Confederation of Parent Teacher Associations comes after the disappearance last Monday of a 13-year-old Manchester

girl who said she was being bullied at school triggered a nationwide alert.

Sally McGrath, a pupil at Oakwood High School in Chorlton cum Hardy who left a note saying: "I can't face another day at school. They all hate me", returned home safely last night. Her mother, Caroline McGrath, who is head of a school for children with emotional problems, said earlier that there had been an accident at school last Friday. She said her daughter had "reacted badly to banter from classmates".

Oakwood's deputy head-

teacher, Ed Wyllie, said: "The school does not feel this is a straightforward case of bullying."

The report, thought to be the first to ask parents about bullying, found 62 per cent had been bullied, and just over one-fifth believed it had had long-term effects. Around a quarter of parents of children who were bullied were unhappy about the way the school responded.

Nearly all said they wanted written guidance from schools.

They said playgrounds were the most dangerous places and should be better supervised.

One said: "Playgrounds are awful places ... Any areas which are not observed give bullies the opportunity they seek."

Another who had been bullied told researchers: "It was never resolved. Up to the age of 15 I tried to beat the system – expelled from school, lock-ups, approved school."

Another described what happened to her four-year-old son: "He was kicked and hit, had work pulled away, was pushed off his chair, pushed out of line as he stood in the dinner queue. Several times he was pinned to a wall – and he's only been at school five months."

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Labour's NEC tells candidate to stand down

JOJO MOYES

The Labour Party leadership asked John Lloyd, its prospective candidate for Exeter, to stand down yesterday, following allegations about his involvement in terrorist activities in South Africa.

The party's National Executive Committee said that Mr Lloyd had "misled" both it and the general secretary of the party, Tom Sawyer, about information concerning his candidature.

A panel set up by the NEC to investigate claims about him concluded: "Mr Lloyd's lack of openness had brought into question his credibility and integrity as a candidate". It warned that if Mr Lloyd refused to stand down, it would rescind his endorsement as candidate.

Mr Lloyd, the deputy leader of Exeter City Council, is the first candidate chosen for the forthcoming general election to be rejected after having been endorsed by the NEC.

He has been attacked by the Tories after he admitted his involvement in terrorism in South Africa in the 1960s. He was a member of the African Resistance Movement, which aimed to oppose apartheid by planting bombs at targets such as electricity pylons and radio masts.

However, Mr Lloyd, who works as a barrister, was also accused of betraying a fellow conspirator who was executed for planting a bomb in Johannesburg which killed one person.

An earlier investigation by Labour officials cleared Mr Lloyd, and he was endorsed as



John Lloyd: Accused over his South African past

the party's candidate for Exeter last year. But relatives of John Harris, the man who was executed, wrote to the NEC complaining about Labour's decision to endorse Mr Lloyd as its candidate. They claim he refused to give evidence to the South African court which could have saved Mr Harris.

Mr Lloyd, who fled to Britain after the court case in the 1960s, said yesterday: "They interviewed me last week and asked me about my South African background and what I had told the local party. If you ask the party they will say nothing has come out since selection they had not known about."

Throughout the row Mr Lloyd has had firm local support. Keith Owen, chairman of Exeter Labour Party, said: "Most of the older members of the local party knew already about this. Those who didn't were told about it in the selection meeting... How can events 30 years ago in a different country affect politics in Ex-

Tory supporters urge tougher right-wing line

COLIN BROWN
Chief Political Correspondent

John Major was urged yesterday by Conservative grassroots supporters to defend the nation's flag, the Royal Family, and the House of Lords, in *Our Nation's Future*, a strongly right-wing manifesto for the general election to defeat Tony Blair's New Labour.

The biggest consultation exercise ever carried out by the Tory Party showed its supporters across the country want Mr Major to campaign on a platform mixing patriotism with a strong dose of Euroscepticism. Labour accused the Tories of a "lurch to the right".

The soundings of the Conservative supporters in the country, published by Tory leaders yesterday, showed that many in the party are hankering for a return to the main themes of Thatcherism to defeat Labour's plans for devolution, constitutional reform and joining the European social chapter.

Tory supporters said the UK did not fly the flag enough. Some called for the law to be changed to allow the Union Flag to be flown from buildings without consent; for the national flag to be flown at the Conservative Party conference; and for the national anthem to be played more frequently.

The results, which will be fed into the party manifesto for the general election, will increase the pressure on the party leadership for a strong right-wing appeal to the electorate. That

could open the party to claims of fighting the next election on jingoism, and it may unsettle the "One Nation" Tories who have been touted by Labour and the Liberal Democrats to defect.

The Euro-sceptic tone in *Our Nation's Future* included resistance to any surrender of British sovereignty and calls to reject any moves toward a "United States of Europe".

The majority were "sceptical" about single currency and were reluctant to see Britain join up, but the party favoured continued British membership of the European Union, said Brian Mawhinney, the chairman of the Conservative Party.

They were highly critical of the European Court of Justice and its overruling of decisions by British courts.

The Chancellor was urged to make deeper cuts in public expenditure down to 30 per cent of GDP, and in taxation. Kenneth Clarke's own Rushcliffe constituency said there should be a substantial increase in the tax threshold to take more of the low-paid out of tax – but more right-wing supporters wanted direct tax cuts. The welfare state was also too large, and needed targeting of benefits, through means testing, including child benefit.

Dr Mawhinney insisted that the document was not a blueprint for the Conservative manifesto for the general election. He claimed it showed the party membership in tune with the Parliamentary party and stressed that he had not been surprised by any of the results.

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Pet therapy: Abigail Miles (8), her brother Edward (2) and their dogs take a break during a conference organised by the Society for Companion Animal Studies to highlight the social and health benefits of keeping pets. Photograph: Kalpesh Lathigra

Burma boycott urged

CHRIS BLACKHURST
Westminster Correspondent

Children working under slave labour conditions are being used to build hotels and roads to cope with an expected surge in western tourists visiting Burma, it was claimed yesterday, as a campaign was launched to urge tourists to boycott the country because of its human rights record and repressive regime.

Last year, about 2,000 Britons holidayed in Burma, but the country's military junta wants to boost the numbers dramatically and has designated 1996 "Visit Burma Year", in an attempt to attract hard currency and achieve legitimacy in the eyes of the rest of the world. The Labour Party and Burmese pro-democracy campaigners said.

Derek Fatchett, Labour's foreign affairs spokesman, called on the Government to discourage trade links forged by a recent business delegation. He said he had been told that a plan to send a second trade delegation was being reconsidered.

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Rabin's assassin gets life sentence

PATRICK COCKBURN
Jerusalem

An Israeli court yesterday sentenced Yigal Amir, the religious student who shot dead Yitzhak Rabin, to life imprisonment. Judge Edmund Levy said: "With premeditation and amazing calm, he decided that the death of the late prime minister was the only way to stop the peace process he opposed."

Amir, who confessed to shooting Mr Rabin in the back as he left a peace rally in Tel Aviv on 4 November, looked less assured than during his previous court appearances, but expressed no regret for his action. He told the court: "Everything I did, I did for God, for the Torah of Israel, the people of Israel and the land of Israel."

The court dismissed a defence plea for a manslaughter conviction. Judge Levy said: "Our conclusion is that he had no doubt about his intention to kill." As well as receiving the maximum life sentence, Amir, a 25-year-old law student, was also given six years, to be served consecutively, for wounding Rabin's bodyguard.

As he was led from the court, Amir shouted: "The state of Israel is a monster." During the two-month trial he gave conflicting evidence, at one point saying he had only intended to paralyse Rabin.

The prosecution produced statements made by him immediately after the assassination in which he said he wanted Rabin dead.

An examination by psychiatrists during the trial said Amir had "narcissistic and schizoid" tendencies but was sane. At times during the trial he took over from one of his lawyers, a right-wing Israeli settler from Texas, with uncertain Hebrew – in order to question police

witnesses. Another lawyer said yesterday that Amir has an IQ of 144, far above average. His confident smirk irritated many Israelis watching the trial on television, but it was not in evidence yesterday.

The son of an Orthodox rabbi and a kindergarten teacher who came originally from Yemen, Amir received a religious education. After leaving the army he went to Bar-Ilan, a religious university near Tel Aviv, where he was a leading member of nationalist religious circles. He took part in demonstrations against the Oslo peace accords and the partial Israeli withdrawal from the West Bank.

He stalked Rabin for a year before he killed him. Throughout the trial there was no doubt that he was the killer since he was arrested immediately afterwards, and the assassination was filmed by an amateur video recorder. The Shamgar commission is to report today on the security breakdown which allowed Amir to get so close to his victim.

In the immediate aftermath of the killing it appeared that the murder of Rabin would prove counter-productive for the religious right. Shimon Peres, his successor, withdrew the Israeli army from several Palestinian towns on the West Bank without any protest. Israeli settlers on the West Bank were left isolated. The Labour Party appeared to be coasting to an election victory on 29 May.

But the murder helped initiate a cycle of violence which still continues. The desire of the Shin Bet domestic security agency to restore its reputation – and of Mr Peres to show that he was tough on security – helped to ensure that Israel went ahead with a plan to assassinate Yehuda Ayyash, the



Trial's end: Courtroom television monitors showing Amir seated between police officers as the verdict is read out

Photograph: Reuters

Palestinian bomb-maker, in Gaza on 4 January. This, in turn, set the stage for the four suicide bombs which killed 62 people in Israel within nine days.

The government feared the Tel Aviv courtroom would be-

come an Israeli version of the OJ Simpson trial, in which Amir would be able to justify his views to the public. In the event, the judge prevented him from making any political statements.

The drama of the trial was also deflated by the wrangling between Amir and his lawyers, who included an immigrant from America who appeared unfamiliar with Israeli law. The verdict and sentencing were

broadcast live on television yesterday, the first time this has happened since the trial of Adolf Eichmann.

Meanwhile, Ehud Barak, the Foreign Minister, said yesterday that Israel will not withdraw

from Hebron, the last West Bank city it occupies, until the Palestinians stop terrorist bombers. He suggested that talks on a permanent peace agreement, set to begin in May, might be delayed.

China bars Patten's men from future role in Hong Kong

STEPHEN VINES
Hong Kong

Any lingering doubts about whether China will tolerate the smallest degree of independence in the running of Hong Kong have been dispelled this week, in moves that have surprised even some of China's most enthusiastic supporters in the territory, which reverts to Chinese rule next year.

At the beginning of the week, Lu Ping, China's most senior official dealing with Hong Kong, said the only member of Peking's hand-picked Preparatory Committee, who voted against the dissolution of the existing legislature and its replacement by a temporary appointed body, would be barred from serving on the new council and could not take part in the selection of members.

It was later confirmed also that no members of the majority Democratic Party would be allowed to join the council.

Then, China announced the new body would be established before the end of colonial rule and would enact a host of laws scrapping the modest democratic reforms introduced by the Governor, Chris Patten.

The following day, China stipulated that civil servants

would have to declare loyalty to the new body if they wished to remain in its employment.

Traditionally, civil servants have always been considered part of the executive wing of government and have never been called on to express views on the nature of the legislature. But an unnamed Chinese official was quoted by the pro-Peking *Hong Kong Standard* as saying the new regime would

not tolerate senior officials who had supported Mr Patten.

China has denied intending to establish a shadow government, but seems to be trying instead to neutralise the Patten administration.

China's unwillingness to tolerate any dissent, even from those serving on bodies it has picked to advise Peking on the transfer of power, has been criticised by Mr Patten, the

Foreign Office and Washington. Said: "Civil servants should not have a political stance, or practise their political will."

Michael DeGolyer, head of the Baptist University's Hong Kong Transition Project, a study of issues raised by the hand-over of power, pointed out that public declarations of loyalty would also be required from the judiciary. This would constitute a serious challenge to their independence, he said.

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Defiant Zulus prepare to march

ROBERT BLOCK
Johannesburg

The stage is set for a potentially bloody confrontation today between police and thousands of mostly Zulu supporters of the Inkatha Freedom Party who will descend on Johannesburg this morning to commemorate the 1994 Shell House killings.

Tensions between Inkatha and the African National Congress (ANC) have reached boiling point over Inkatha's vow to defy a new law banning the carrying of traditional weapons – such as spears and knobkerries – in public. The law was passed last week as a step towards

reducing violence between Inkatha, for which the carrying of spears is considered a symbol of Zulu manhood and an inalienable right, and its rivals, in the ANC.

President Nelson Mandela said earlier this week that the government would not tolerate demonstrations that threatened people's lives and vowed that effective security measures would be taken today to prevent a repetition of the bloodbath that took place during the march two years ago.

Eight Zulu marchers were shot dead outside the ANC's Shell House headquarters on 28 March 1994. In total, more than 50 people were killed in and around Johannesburg during the march by Inkatha supporters through the city.

The rising tensions and fears of violence that might effect the stability of Mr Mandela's post-apartheid government yesterday hit the rand, which dropped against the dollar and the pound.

An Inkatha spokesman, Thembisa Khoza, claimed there was an ANC plot to provoke violence against Zulus. However, the ANC's deputy secretary-general, Cheryl Carolus, said the claims were "outrageous, ludicrous and provocative" and were only meant to promote fear and conflict.

The trial continues.

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The rising tensions and

fears of violence that might

effect the stability of Mr

Mandela's post-apartheid

government have all col-

lapsed. As there is no ob-

stacle to the formation of

the caretaker government, we have

suggested to the president that

he should be formed immedi-

ately," said a statement signed

by the Cabinet Secretary,

Ayubrahman, the country's

most senior civil servant, warn-

ing that workers would not be

able to perform their duties "un-

less the situation improves".

Senior bureaucrats had ear-

lier asked the president to set

up a caretaker administra-

Briton relives kidnap ordeal

ROBERT MILLIKEN
Sydney

A Briton told the backpacker murders trial yesterday how he fled for his life from the man who now stands accused of being a serial killer.

In the New South Wales Supreme Court Ivan Milat, 51, pleads not guilty to murdering two British women – Joanne Walters and Caroline Clarke, both 22 – two Australian teenagers and three young Germans. They all disappeared while hitch-hiking near Sydney between December 1989 and April 1992. Their mutilated bodies were later found in the Belanglo State Forest south of Sydney. Most of the backpackers had been stabbed to death, while Ms Clarke and one of the Germans had been shot repeatedly in the head.

Mr Milat also denies abducting Paul Onions, the Briton in the witness box yesterday, when Mr Onions was visiting Australia in 1990. Mr Onions, 30, a testing engineer from Willenhall, West Midlands, has been under police protection since he arrived in Australia last Friday to give evidence.

The jury of eight men and four women heard Mr Onions describe how he left Sydney on 25 January 1990 to hitch-hike along the Hume Highway towards Melbourne. Mr Onions said that a man had offered him a lift as far as Canberra. "As we drove along, his attitude changed and he wasn't too friendly. He talked about all the ethnic people in Australia and the British in Northern Ireland, and how we shouldn't be there. The conversation got a bit anti-I got a bit nervous."

After half an hour, the driver stopped the four-wheel drive vehicle under the pretence of searching for cassette tapes under the seat. Instead, he produced a rifle. "The gun was pointed straight at me," Mr Onions said. "I could feel my voice shaking. I couldn't believe it. I said, 'Can I down'.

As he lied along the highway, he said, he heard the gun go off. "I started dodging the best I could." The man chased him and caught him. "I thought, 'This was my last chance. I've got to get away.' He struggled free, stood in front of an on-coming van and jumped in. The driver took him to the police station in the town of Bowral.

Mr Onions returned to Britain, but went back to Australia in May 1994 to assist police after the backpacker serial killings came to light. In court yesterday, a video was played showing 13 photographs of men which police showed to Mr Onions in 1994. He identified yesterday, as he did then, the fourth picture as that of the man who attacked him. When Mark Tedeschi QC, the state prosecutor, asked Mr Onions if he could see that man in court, Mr Onions pointed to Mr Milat sitting in the dock about three metres to his right, and said: "That's him there."

The trial continues.

Zia to step down until Bangladesh election

ANIS AHMED

Dhaka — The Prime Minister of Bangladesh, Begum Khaleda Zia, gave in to months of pressure yesterday and asked President Abdur Rahman Biswas to set up a caretaker government to oversee fresh elections. Senior bureaucrats had told the president earlier that they could not work from today unless the country's political crisis was resolved.

"The Prime Minister has re-

quested the president to give his assent to the Constitution (13th Amendment) Act, 1996, passed on Tuesday and immediately take the initiative to form a non-party caretaker government," state television said, adding that the president had reiterated her pledge to hold the election in May. However, Mrs Zia's move stopped short of meeting opposition demands that she resign by yesterday.

Senior bureaucrats had ear-

lier asked the president to set

international

Briton
relives
kidnap
ordeal

Nuclear smuggling: The West fears dangerous material could pass to terrorists as Afghans peddle contraband to highest bidder

Iranians 'buying ex-Soviet uranium'

TIM McGIRK
Peshawar

Iran is reported to have bought enriched uranium from Russian diplomats based in Mazar-e-Sharif, in northern Afghanistan, according to Western diplomatic sources.

The enriched uranium is part of a lethal hoard of strategic nuclear equipment that is being plundered from high security installations in the former Soviet republics and smuggled down to Afghanistan and the Pakistani frontier city of Peshawar, as revealed in *The Independent on Sunday* this weekend.

This enriched uranium – bought secretly by Iran two months ago – was pilfered by underpaid security guards at a nuclear plant in Kazakhstan as part of their "bonus". From Central Asia it was transported

sands of dollars through Moscow and into Europe. Few Afghan smugglers now holding this nuclear material are aware of its radioactive effects.

In Washington, the CIA director, John Deutch, expressed concern over the threat of "loose nukes" being smuggled out of the former Soviet Union. He said that since the collapse of the USSR, the Russians' ability to maintain tight control over their nuclear facilities had slackened.

According to the CIA, Iran is secretly building up its own nuclear weapons programme and is a leading buyer of the contraband. In Peshawar one Westerner in contact with the dealers talks of "Iranian colonels and majors walking around with Samsonite suitcases full of \$100 bills, who are shopping for this stuff".

Other keen buyers are Iraq,

North Korea, Libya, and possibly Pakistan, all suspected of making nuclear weapons. The other interested shoppers are Western governments who are anxious to stop the former Soviet Union's pilfered nuclear technology from being grabbed by terrorist groups.

One Western diplomat in the Pakistan capital, Islamabad, remarked: "This material is supposed to be strictly controlled, and if the Russian mafia or somebody else is smuggling this out, then it's very serious. Many of these things being hawked around are radioactive. We're worried about a disaster. Not only is this dangerous to the individuals who are moving it around, but there's also potential for a terrorist group buying up bits and pieces."

The prospect of terrorists acquiring A-bomb equipment in Peshawar is not the far-fetched stuff of spy novels. Islamic extremists from many countries used Peshawar as a base from 1979 onwards during the Afghan jihad, or holy war, against the Soviet forces. Even after the Soviet withdrawal in 1989, many Muslim extremists stayed on. Under pressure from foreign governments, the Pakistani prime minister, Benazir Bhutto, has tried to expel these Islamic revolutionaries but many of them simply vanished across the border into lawless Afghanistan.

This lethal nuclear contraband is coming down the same trans-Asia pipeline used by Afghans to move guns, heroin and looted Buddha statues, some worth hundreds of thousands of dollars.

General Naseerullah Bahar, the Pakistan interior minister, admitted that his government



Nuclear frontier: A Pakistani guard at the Khyber pass on the border with Afghanistan, part of the smuggling route from the former Soviet Union

Photograph: Tom Pilston



"Contrary to what Tom Clancy writes, it's not that easy to dismantle and sell off a nuclear weapon. As far as we know, that isn't available in Peshawar – not yet, anyway," said a military expert at one Islamabad embassy approached by Afghan nuclear salesmen.

Often, antiquities smugglers run a sideline in nuclear merchandise. One Western art expert, who was expecting to see plundered antiquities from Afghanistan, instead was shown a 1.200kg stash of enriched uranium. It was hidden under the floorboards of a house in a residential area of Peshawar. The uranium came in 5kg lead cylinders that resembled "medicine jars". He said: "I got the impression that these smugglers didn't know how to handle the stuff at all."

A strategic steel alloy – used in making atomic submarine hulls as well as nuclear bomb casings – is also now being peddled in Peshawar by a Russian engineer. The Russian claims that the alloy has been brought down through Turkmenistan into Afghanistan along the old smuggling routes. From there it was transported across the mountain pass of Parachinar into Pakistan's tribal territories.

General Naseerullah Bahar, the Pakistan interior minister, admitted that his government

was approached by smugglers bearing nuclear shopping lists.

"A lot of these items are coming out [of the former Soviet Union]. Even this morning, there was someone here offering these things. They bring photographs and things, and we ask experts to look at the material and the Russian writing.

But when we ask them to bring it, they don't."

Some diplomats are worried

that Afghan traders may have been tricked by nuclear suppliers in the former Soviet republics into purchasing worthless – but highly radioactive – "nuclear rubbish". One Western military expert said:

"These Afghans end up irradiating themselves, and then dying six months later. They're crazy."

Often, Western embassies are the target of hoaxers. "They show us a polaroid of some cylinders and they say: 'Give us \$5m. We know you want it. But when we ask for samples, they

refuse. For all we know, it could be just radioactive waste scooped off the rubbish heap of some Russian hospital."

The diplomat added wryly: "But we have to check it all out. The consequences are too dire."

Western embassies in Islamabad claim that Pakistan is helpless to stop these nuclear

traders because their long, mountainous border with Afghanistan cannot be sealed off. One diplomat said: "These Afghans are real entrepreneurs. They want money, and they don't care if somebody like a terrorist dumps this radioactive material into the water supply or makes it into a bomb."

ed in lead cylinders to Mazar-e-Sharif. The enriched uranium, used to make atomic bombs, was peddled to the Iranians by Russian diplomats based in Mazar-e-Sharif, a city under the control of an Afghan warlord, General Abdurrahid Dostum. Mazar-e-Sharif is just a transit point on the nuclear smuggling route. Some Western diplomats are alarmed that the Russians have a huge consulate of 52 staff there. The main destination for nuclear wares is, increasingly, Peshawar. There, nuclear salesmen, usually Afghans, are offering to sell such dangerous contraband as enriched uranium, super-powerful magnets, catalysts, and alloys for making the shells of thermo-nuclear warheads.

This lethal nuclear contraband is coming down the same trans-Asia pipeline used by Afghans to move guns, heroin and looted Buddha statues, some worth hundreds of thousands of dollars.

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international



Red faces: The president of the Madrid region admiring the recently discovered painting wrongly attributed to Goya

Photograph: Reuter

Goya gaffe casts shadow on Prado show

ELIZABETH NASH
Madrid

The Prado Museum in Madrid launches a huge two-month Goya exhibition tomorrow, part of an ambitious "Goya year" to mark the 250th anniversary of the Spanish master's birth. However, the fanfare has not drowned out discord created on the eve of the celebrations by the museum's over-enthusiastic discovery of a Goya that wasn't.

A religious painting, which was uncovered during the restoration of the late dictator Franco's former torture chambers in Madrid, earlier this month, was hailed within hours of its discovery as a Goya by the

director of the Prado, Jose Maria Luzon. Mr Luzon, an archaeologist by training with no specialist knowledge of Goya, presides over the largest collection of Goyas in the world.

"It is a cracker of a Goya," he said, before returning to a heavy cold to his sick bed whence he had been summoned to announce the find to the world. Except that it was not.

The painting, showing angels pleading for souls in purgatory, although signed by Goya, was actually painted by a lesser-known contemporary, Mariano Salvador Maella, in 1781.

The former Prado director, Alfonso Perez Sanchez, spotted the painting as a Maella the moment he saw it on television, and made his doubts known immediately.

A quick check was sufficient to reveal, after the damage had been done, that the work was registered in the archives of Madrid's local government as a Maella and that a preliminary sketch was even registered in the Prado's own records.

The blunder was an unfortunate case of taking desires for reality, as remarks by the head of Madrid's regional government, Alberto Ruiz-Gallardon, suggested. "It is a particularly significant find and could not have come at a better moment on the eve of Goya's 250th anniversary celebrations," he said, after being assured there was no doubt of its authenticity.

The Prado's curators were scandalised their director had been so imprudent, especially as experts believe uncertainty surrounds dozens of paintings attributed to Goya.

"Inexplicable" and "inexcusable" were expressions bursting from the museum's press office concerning Mr Luzon's hasty endorsement. "Any responsible museum would have taken time to check. That's the right way to go about things," a spokeswoman said, adding that Mr Luzon had offered his resignation, which was not accepted.

"How many Goyas are painted by him and how many are only attributed to him?" asked one journalist yesterday of the Prado's leading authorities.

Mr Luzon shifted in his seat. "Studies on Goya are always ongoing," he mumbled. "And if that leads to reflections, that's magnificent."

Juan Luna, the exhibition's principal organiser, was more direct. "I don't know," he said yesterday. "An immense number are certain and many are doubtful. I can't give a number."

Some experts reckon that up to 150 Goyas "need to be investigated". Doubt even hovers over a masterpiece imported for the exhibition, a dazzling portrayal of two young women at a balcony. Two versions exist, one in a private Swiss collection, the other in the Metropolitan Museum of New York, which many attribute to pupil of Goya. The one on view in the Prado's exhibition—"the original", according to Mr Luna—is from the Swiss collection.

It is not the first time that a Prado director has found egg on his face. Mr Luzon's predecessor, Felipe Garin, had to resign after it was discovered that raindrops were leaking into the room housing master works by Velasquez.

IN BRIEF

Saudi hijacker surrenders in Libya

Cairo — A Saudi man, who hijacked an EgyptAir plane with more than 145 people on board and ordered the pilot to fly to the Libyan coastal town of Tobruk, was reported to have surrendered to Libyan authorities last night. Egyptian security sources said the hijacker had told officials at Tobruk airport that he had demands to put to Libyan leader Colonel Muammar Gaddafi and that he would not harm anyone because he was not a "terrorist". All passengers were released safely.

Reuter

Muslim guerrillas abduct French monks

Paris — Suspected Muslim guerrillas abducted seven French Trappist monks from their Algerian monastery, bringing a renewed call by France for its nationals to leave Algeria. Despite threats to their lives by Islamic militants, there are still an estimated 300 tons, monks and missionaries in the country, according to Christian community sources.

AP

Delors to run Europe's training ground

Bruges — Jacques Delors, former President of the European Commission, has been named president of the College of Europe, the oldest graduate institute for European studies and a key source of recruitment for top EU jobs.

AP

Nato peace force fears terrorist threat

Sarajevo — The Nato-led peace force says Iranian fighters have not left Bosnia as required under the Dayton accords, and fears they pose a terrorist threat. Nato called for "immediate action" to remove the Iranians, whose presence jeopardises \$100m (£65m) in badly needed US assistance for the Bosnian army.

AP

IMF spells out conditions of Russian loan

Washington — The International Monetary Fund (IMF) would have to suspend the new loan it has approved for Russia if a new Russian government, to be elected this year, took a Communist approach to the economy. The IMF Managing Director Michel Camdessus said yesterday as he announced details of IMF's new \$10.1bn (£6.6bn) loan for Moscow.

Reuter

Jewish community praises Prince Philip



Remembrance: The Prince with Jewish leaders in Krakow

Krakow — The Duke of Edinburgh toured Krakow's old Jewish quarter yesterday and community leaders praised him for "sharing their wartime suffering". Prince Philip toured an old synagogue and a new Jewish cultural centre in the Kazimierz district where some 70,000 Jews lived before the Second World War. The Queen and the Duke were winding up a three-day state visit before flying to Prague.

Reuter

China warns US over Taiwan invitation

Peking — China warned Washington that it risks sparking a fresh diplomatic row with Peking if it allows the conservative Senator Jesse Helms to go ahead with an invitation to Taiwan's President Lee Teng-hui to visit the US.

Reuter

5,000 die in China's year of disasters

Peking — Floods, storms, earthquakes, droughts and other natural disasters killed 5,561 people in China in 1995 and inflicted \$22.39bn (£14.5bn) worth of damage, the China News Service said. More than 10 million people nationwide lost their homes, 111 million acres of arable land were affected.

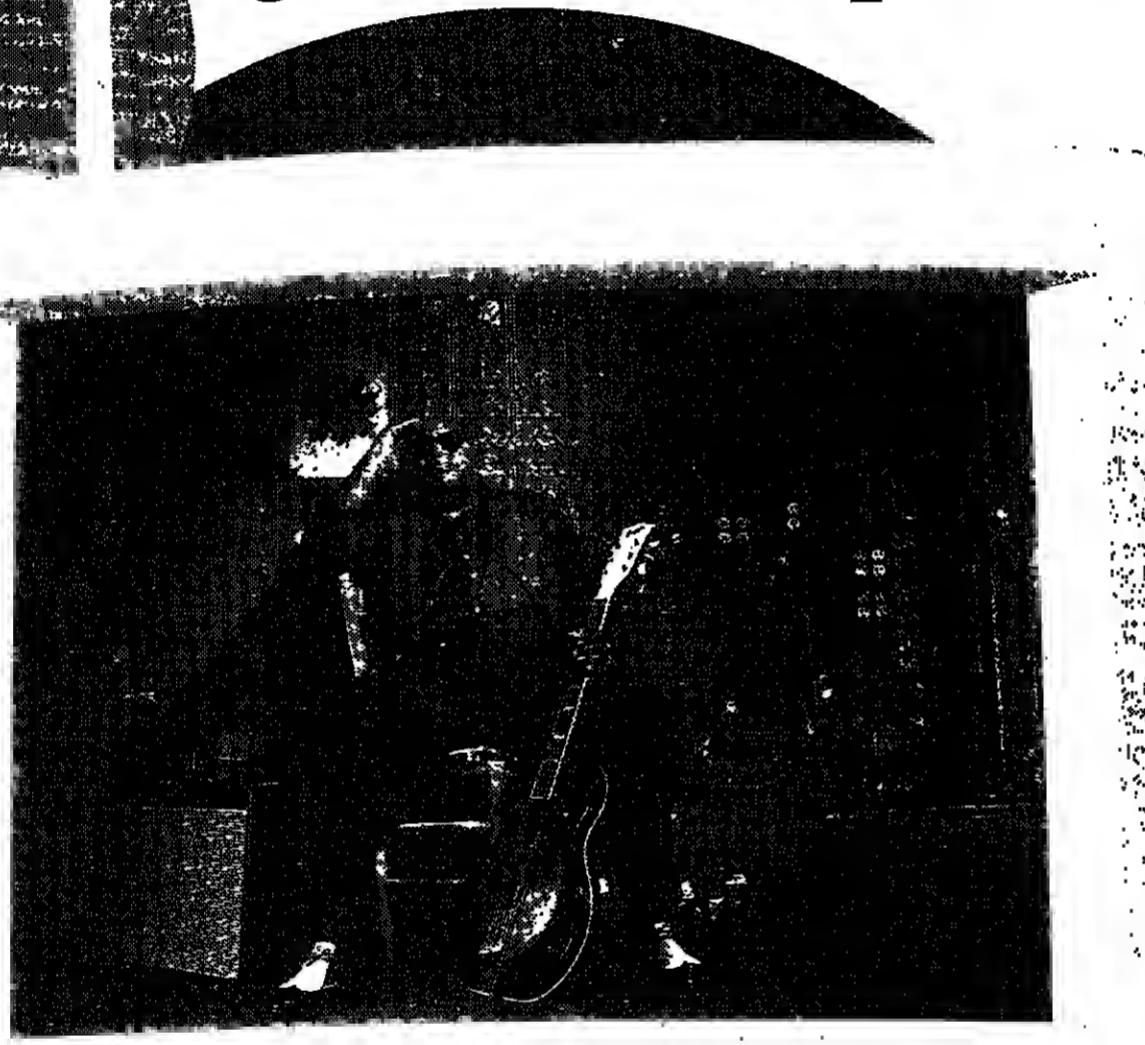
Reuter

'Dream' sports car turns into nightmare

Paris — French people who believed a "dream sports car" they had won in a draw would be theirs for 159 francs received a tiny red toy worth a few centimes. Lucien Bouisse, head of the French Advertising Control Bureau, said thousands had received a leaflet saying they had won and dozens had sent money. He said he was starting legal action against the unnamed British firm.

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Paris and Bonn fuel storm over new EMS

DIANE COYLE
Economics Editor

An explosive row is likely to follow Tuesday's accord between Paris and Bonn on the formation of a new exchange rate mechanism for countries that do not join the single European currency.

Although monetary union is on the agenda of the Turin summit, which begins today, sharp disagreements are likely to surface. The principal purpose of the summit is to launch the Inter-Governmental Conference, which is to rewrite the Maastricht treaty.

Reactions to a plan on the relations between the "ins" and the "outs", agreed by finance ministers Jean Arias and Theo Waigel in Laval, northern France, on Tuesday, have been hostile, especially in Britain.

The Government is determined not to take part in a formal mechanism for the currency after the pound's disastrous exit from the Exchange Rate Mechanism in September 1992.

The Franco-German announcement has also fuelled tension between the German government and the Bundesbank. The bank is alarmed by signs that Chancellor Helmut Kohl wants a single currency to start on time, even if the Maastricht criteria for membership are jettisoned.

A powerful ally of Mr Kohl, yesterday called on the Bundesbank to back the government over European monetary union.

Wolfgang Schäuble, leader of Kohl's Christian Democrats in the Bonn parliament, said: "The German Bundesbank is bound by law to support this policy."

Speculation about a rift between the powerful central bank and the Bonn government has spread since the Bundesbank's president, Hans Tietmeyer, said a single currency was not absolutely necessary.

Mr Tietmeyer, on Tuesday stressed he did not favour delaying monetary union.

BUILDING UP

but Bundesbank officials privately continue to express concern over the timetable.

France and Germany are, nevertheless, determined to press ahead with the 1999 start date for the single currency and to protect their economies against "competitive devaluations" by countries left outside.

The lower pound and lira since Britain and Italy left the Exchange Rate Mechanism in 1992 have had a severe impact on exporters. France has complained loudest, but German companies also have been affected. Manufacturing production in the UK and Italy.

The British authorities, both ministers and the Bank of England, firmly oppose rejoining a new Exchange Rate Mechanism. Officials argue a formal "ins" and "outs" arrangement would create a fault-line in the EU. "It is pretty obvious the 'ins' would hold their own meetings in advance of the formal ones, which would then be expected to rubber-stamp everything," a senior official said.

Officials share the view of the financial markets that creating a new ERM would invite speculative attacks against "out" currencies. This view is widespread in London's currency markets. "Targeting by the central banks would be invitation to destabilise the currencies," said a trader at a US investment bank.

The Italian lira looks most vulnerable. Analysts talk of a "nightmare scenario" in which exclusion from the single currency leads to an abrupt halt to Italian efforts to cut the government deficit, a nose-diving exchange rate, and a government default on its debt.

News analysis, pages 14, 15
Leading article, page 18



Third time lucky: Bob Dole acknowledging the cheers of supporters at his victory rally in Washington DC

international

FBI holds fire in Montana siege

TIM CORNWELL
Los Angeles

The FBI continued its softy-softly stand off with members of a heavily armed militia group on a remote ranch in central Montana yesterday.

More than 100 federal agents and local patrolmen surrounded the Freemen, who moved to the ranch six months ago and proclaimed it the "Justus Township". On Monday they arrested two leaders on charges of fraud and making death threats and held arrest warrants for eight more people.

The FBI apparently made its move after local residents of the sparsely populated Montana plains circulated a petition calling for a posse to eject the Freemen and hand over the 960-acre property to its legal owner, a rancher who bought it in a foreclosure sale more than a year ago. But mindful of the Waco tragedy in Texas in 1993, and the botched siege at Ruby Ridge, Idaho in 1992, in which FBI snipers shot and killed the wife of white supremacist Randy Weaver, every appearance of an armed siege was kept to a minimum.

The two men arrested, LeRoy Schwerner and Daniel Peterson, appeared in court on Tuesday charged with making death threats against a local judge and issuing fraudulent cheques. Proceedings were halted as they shouted that they refused to recognise the court.

Last week the group allegedly placed an order for one-and-a-half million dollars worth of arms with a local dealer. "Our guess is that there are a lot of arms [on the ranch]," said Christine Kaufman of Montana Human Rights Network, which monitors far-right groups in the state. "These people are very enamoured with weapons and combine that with a pretty dangerous situation."

The Freemen are described as an extreme anti-tax, anti-government group with ties to the white supremacist Christian Identity church. They use their peculiar reading of the US Constitution to claim that Federal taxes are unlawful and blacks and Jews are second-class citizens.

Dole takes wraps off victor's crown

RUPERT CORNWELL
Washington

Pat Buchanan still mutters darkly, the Ross Perot show is about to roll, and in the background booms that master campaigner Bill Clinton. But Tuesday night belonged to Bob Dole - at last, at his third time of asking, installed as the Republican nominee for the presidency.

For once, the dour and ultra-cautious Kansas senator could not contain himself. Two hours before the polls had even closed in California, he went before a victory rally a continent away in Washington DC to proclaim what for everyone else has been plain as a pikestaff for a fortnight, that he will be Mr Clinton's challenger in November.

No matter that polls put him far behind the President or that Mr Perot gives stronger sig-

nals by the day that he intends to make a second run for the White House. Within the Republican party at least, Mr Dole is the unquestioned master, and the results on Tuesday proved it.

With his 23rd, 24th and 25th straight primary wins, he trounced Mr Buchanan, his sole remaining rival, by a massive 66 per cent to 18 per cent in California, by 52 per cent to 15 per cent in Nevada and 63 per cent to 21 per cent in Washington state, guaranteeing himself some 1,200 delegates at the San Diego convention - far more than the majority required of 996.

"The primaries have clarified the issues," Mr Dole told his supporters. "They've made the party stronger... and have opened the way for a winning Republican coalition in No-

THE US PRESIDENTIAL ELECTIONS '96

member." But putting that coalition together will anything but easy.

Grudgingly, Mr Buchanan has conceded defeat, and today will meet his advisers to plot further strategy.

But although the fiery former commentator now seems unlikely to leave the party and run as an independent this autumn, he intends to take his harshly populist and right-wing message all the way to San Diego, making it harder for Mr Dole to move back to the political centre where he is more comfortable - and where elections are won and lost.

Nor does Mr Dole appear any more successful in his pleas to Mr Perot to stay out of the race.

Moving to exploit the news lull in the campaign as he did in 1992, the Texan businessman this week began a speaking tour around the country to press his new Reform Party, and dropping hints at every stop that, should supporters so decide, he will be only too delighted to be their candidate.

In fact, Mr Perot notwithstanding, the outlook for Mr Dole is less bleak than suggested by the current polls putting Mr Clinton 10 or 15 points ahead. For one thing, that gap will narrow now that he has clinched the nomination. Second, the electoral college arithmetic favours the Republicans.

Barring a powerful independent challenge, several Southern and Rocky Mountain states

which voted Democrat in 1992 are unlikely to do so again, meaning that the election's real battleground will be the big Mid-Western states of Ohio, Illinois, and Michigan. And even the independent challenge might not spell disaster.

Although conventional wisdom suggests Mr Perot would take votes overwhelmingly from the Republicans, detailed polling shows his supporters are less well educated and more blue collar than in 1992, and that a 1996 Perot run would hurt Mr Clinton and Mr Dole in equal measure.

And in California, a helpful complication beckons for the Republicans in the person of Ralph Nader, the 63-year-old consumer advocate and Green Party candidate this November, who will take votes predominantly from the Democrats.

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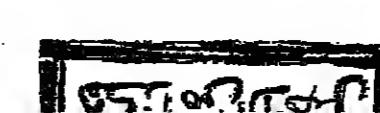
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news analysis

'92	European exchange rate crisis; Britain and Italy leave the exchange rate mechanism of the EMS.
'94	Over next two years, a strand of states - Bulgaria, the Czech Republic, Hungary, Latvia, Lithuania, Poland, Romania and Slovakia formally apply for membership.
'95	Austria, Finland and Sweden join.
'96	Inter-Governmental Conference opens in Turin to review and amend Maastricht treaty. Will examine EU foreign and security policy as well as the role of European Parliament and more qualified majority voting at Council of Ministers.
'97	IGC expected to end this summer at Amsterdam summit, after British general election. EU budget arrangements due to be overhauled, including Common Agricultural Policy and structural funds programme.
'98	Membership talks due to start with Cyprus, Malta and some Eastern European states. Decision on which countries will join single currency.
'99	Final stage of monetary union planned with locking of currencies.
'00-05	Possible expansion of EU to between 17 and 20 members.
'02	Euro due to enter circulation alongside national banknotes, become sole currency in participating states.
'05-20	Expansion of EU to 27 states or more.

Re of Europe

Brussels barons fall on hard times

"This is great. It hasn't been like this since Maastricht," said a young European Commission official yesterday as the British beef drama continued to reverberate through the Commission's corridors. In the press room, the television cameras were set up, awaiting the Commission's announcement of a ban on British beef. Aardan of Europe's meat trade, the Commission in recent days has had the chance to exercise real power as a supranational institution, and Brussels bureaucrats have relished the limelight.

Air delight has been spurred, in part, because they have had the chance to cajole the whip against recalcitrant Britain. But the Commission has also been exhilarated by the beef drama because the exercise of real power has been an increasingly rare experience. Furthermore, the bureaucrats know that the Inter-Governmental Conference on European reform, launched tomorrow in Turin, is the Commission's likely to see its status undercut, more than any other European institution, nothing so clearly signals Europe's return of a federal future as the sacking of the European Commission.

The public has increasingly vented its anger against the unelected bureaucrats of Brussels. There are clear signs that the IGC, member states will have more direct control over the European venture, with power moving to Council of Ministers, which brings together government representatives.

It is much nostalgia in the Commission for its heyday in the late Eighties-early Nineties, when under Jacques Delors, the former president, the British machine was turning over day and night, spewing out a stream of directives, regulations to implement the supemarket and drawing up ever more ambitious proposals for integration.

The Commission was perceived as the most mastermind of the internal market. We issued a total of 300 directives full speed. There was huge ambition at that time. The whole of the Commission felt things were moving and there was a clear objective," says Michael Peat, formerly a senior Delors aide.

Mr Delors pumped up the Commission's profile, the institution began to look increasingly controversial, particularly as far as Britain was concerned. The Commission got used to enjoying a higher profile. It built a press room for daily briefings,



Symbol of decline: the Commission's home in Brussels, closed for repairs

while journalists poured into Brussels to cover its affairs.

Many of Europe's brightest and best bureaucrats were drawn to work in Brussels. "There were a lot of bright young things carried on the wave of Delors's power and influence," says a senior British diplomat and head of a Commission cabinet in the Eighties. "There were many high-class brains, but there was also culture of arrogance. The Commission believed it represented the pure strain of visionary European thinking. There was a smugness and a disdain for the expression of national concerns."

Chris Boyd, another former adviser to Mr Delors and now a member of the commission's Neil Kinnock's cabinet, recalls: "We felt we could do no wrong during that period. We believed in our mission. We probably over-valued ourselves at the time, just as we are undervalued today. Today we are seen as the source of all evil."

It was in the run-up to the signing of the Maastricht treaty in 1991 that things started to go wrong for the Commission. Mr Delors bullishly announced that 80 per cent of European law was now made in Brussels. It was not only Britain that bristled at the implications of the statement for national sovereignty. Partly as a result, Helmut Kohl, the German Chancellor, and François Mitterrand, the then French president, sought to move more European decision-making away from the Commission.

The Maastricht treaty set up new "pillars" of European government. That meant that EU powers in areas of justice, home affairs and foreign policy were to be exercised outside the Commission, with member states meeting in the Council of Ministers. Heads of government, meeting at summits as the European Council, were given powers to set broad policy guidelines, within which the Commission was expected to

operate when it proposed legislation. In the IGC, the Commission will hope to regain some of its influence by bringing some policy-making in justice, home affairs, foreign policy and defence under its ambit. But all the signs are that it is fighting a losing battle. Britain will oppose any new power for Brussels.

More significantly, France and Germany have turned against the Commission, who believe that public opinion sees the Brussels "technocrats" as interfering and undemocratic. France, Germany and Britain are backing a plan to appoint a new European foreign policy supremo, with his or her own secretariat, operating within the structure of the Council of Ministers, not the Commission.

The Commission is also under constant pressure to reduce the number of directives and regulations it issues. "Most states want the Commission to be responsive to demands of member states and not to see itself as the fountain of wisdom on Europe," said a senior EU diplomat.

Sideling the technocrats will not be enough to restore confidence in the efficiency and responsiveness of Brussels. There is little desire to increase the power of the European Parliament, for fear of reducing the power of national parliaments. Yet there are few ideas about how to give national parliaments greater control over Brussels.

It would be wrong to write off the Commission. As the guardian of the European treaties with the sole right to propose European laws and negotiate foreign trade, it will always be powerful. However, the confidence of the Commission has been badly dented since Maastricht, with several high-flyers now looking for work elsewhere. The seal has gone; more often the mood is one of bitterness about Europe's "failure" to see the right - that is "federal" - way forward.

Nothing better captures the decline in the body's status than the decision to evacuate the once proud Berlaymont building because of an asbestos scare. It stands wrapped in a giant white shroud of protective sheeting. "It is difficult to work in an institution where everybody is biased against you," bemoaned one senior official this week. "In the past we were confident we would be listened to, but nowadays we would not dare make many of the proposals we consider because we would be accused of trying to grab power."

SARAH HELM

DIARY

Rvenge of the dalmatians

Cruel De Vil lives. And is about to be taken court. After all these years, the dalmatians are taking their revenge, bark madly right up to the procuratorial.

The Disney Corporation is being accused of mistreating 10 of the dogs in its remake of *101 Dalmatians*, currently being shot (the film that the dogs weren't that badly treated in Scotland). Glenn Close (below) who plays Cruella, is innocent of this, but someone on the production has been treating the dogs worse than dogs, treating them like actors fact.

Onog breeder, Roy Ivaniec, has withdrawn his spotted treasures from the filming, complaining that the 10 dogs were given tiny meals so that they stay thin enough to keep working. "And sometimes," he added, "when they were shot, seven-week-old pups did work a 12-hour day and before left Ivaniec for four hours until they were left.

"They couldn't have cared less. They used him, then forgot about them. Seven of the pups came back with a virus; they had diarrhoea and there was blood in the faeces," says Mr Ivaniec who has issued a writ against Disney.

A spokeswoman for Disney denies all allegations of mistreatment: "This is untrue in any way, shape or form," she says. "We had 250 dogs on the set so far as they have all left here in perfect health. Roy did not withdraw his puppies. They were sent home early because they were too big. They were not suffering from a virus. The sympathy

toms they had were due to a change in diet and routine."

Over to you, Cruella.

To dream, perchance to perform ...

So why did Mark Rylance, artistic director of the new Shakespeare's Globe, make the rather low-key choice yesterday of *Two Gentlemen of Verona* as the inaugural production for the open air space in south London? Was it a healthy disdain for a knee-jerk choice of a tragedy, a desire to champion a supratheroical minor work to the interna-

tional attention that will focus on the new theatre? There is another reason Mr Rylance tells me. "My wife dreamt it. She's very intuitive that way." Good thing she doesn't see Marlowe in her dreams, or we wouldn't have a Shakespeare play at the Globe at all.

Flagship becalmed

Some worries in the BBC, I bear, over the performance of their current affairs flagship *Panorama*. A half-hour special on beef on Monday pushed *Panorama* out of its normal slot. But then for a flagship, *Panorama* hasn't been in its normal slot in the convoy, or any slot at

all much this month. Its special on the *Sea Empress* was so special it wasn't completed in time. Its special on Dunblane wasn't special enough and was pulled. Life was so much easier when you could just take a camera round to interview a willing princess in her boudoir.

Och, Michael, don't try to be clever

If only Sir Humphrey had been there. He could have saved Michael Forsyth, the Secretary of State for Scotland, from certain disaster. "Minister," he would have said, his face contorted in panic. "Minister, are you mad? A Scottish Secretary must never, never try to sound Scottish."

Alas, Mr Forsyth had no one to moderate his urges. And the foalhardy man fired off a fax to Mel Gibson after his Oscar success with *Brazenhead*, saying: "We hope you will haste ye back for another winning production."

Haste ye back translates as hurry you back, which means Mr Forsyth in his eagerness to lose his Scottish accent over the years has lost his grammar as well, and repeated the you. If Mel Gibson doesn't know what the hell Mr Forsyth is talking about, then he's not alone. Dr Christopher McLaughlin, linguistics expert at St Andrews University (Mr Forsyth's alma mater), says: "Yes, the phrase 'haste ye back' is a bit awkward to be embedded in the middle of this sentence. He is treating 'haste ye back' as a noun phrase in itself, which is wrong, but perhaps understandable because he is writing to an American Australian."

Queuing up to join the rest

As EU leaders gather in Turin tomorrow for the opening of the IGC, they will be joined, if not in body, then in spirit, by their counterparts from central and eastern Europe.

For many people in the region, the conference is not opening a day too soon. Most would have preferred it to have got under way long ago. More than six years has passed since the people of central and eastern Europe overthrew Communism and tore down the Iron Curtain. Although they would liked it earlier, they now hope they will be given a clear signal that their home is in the EU.

More significantly, France and Germany have turned against the Commission, who believe that public opinion sees the Brussels "technocrats" as interfering and undemocratic. France, Germany and Britain are backing a plan to appoint a new European foreign policy supremo, with his or her own secretariat, operating within the structure of the Council of Ministers, not the Commission.

The Commission is also under constant pressure to reduce the number of directives and regulations it issues. "Most states want the Commission to be responsive to demands of member states and not to see itself as the fountain of wisdom on Europe," said a senior EU diplomat.

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SARAH HELM

slashing state subsidies and welfare payments in what was seen as a necessary part of getting the economy into shape to join the EU.

"If there were now a postponement of membership, if they start talking about something in the next century, we could lose this driving force [towards market reforms]," said Endre Juhász, the Hungarian ambassador to the EU.

Another prospect that fills the would-be members with dread is that of a "multi-speed Europe" in which a hardcore of nations by France and Germany forge ahead with greater unity, leaving the rest behind in second or even third tiers. "We are interested in full integration," said Mr Juhász. "Rights should be equal. We are not in favour of second-class membership. That would be very bad."

Although there are no official front-runners, Hungary, Poland and the Czech Republic are widely believed to be the first wave within the next four to five years. Yet even those that will have to wait for longer insist that a western orientation remains their only viable option. That is being challenged by a more assertive, nationalist government in Moscow.

The vote in the Russian Duma earlier this month annulling the dissolution of the old Soviet Union provoked outrage throughout its former satellite states in eastern Europe. Russia makes no bones about wanting to lure some of them back into the fold. While acknowledging that the Czech Republic, Hungary and Poland are probably lost causes, Moscow has been wooing some of the others.

When the Russian defence minister, Yevgeny Primakov, visited Bratislava earlier this month, he offered Slovakia a deal: Russia would guarantee long-term economic supplies in exchange for Slovakia's neutrality.

The deal was promptly turned down, but it threw new light on Moscow's determination to salvage some of its old power and influence in the region, particularly in those countries like Slovakia, such as Romania, Bulgaria and the Baltic states, that are unlikely to join the first wave of EU and Nato expansion.

Slovakia is a good example of a country caught in a new "grey zone" between east and west. Some Slovaks, particularly the more nationalist, are already tempted by the Russian idea, although the majority are not. But if the IGC fails to deliver, that could change.

"Russia is the only country that could be an alternative centre of gravity for the region, but Russia is likely to be too weak for at least another 10 years to be a viable option," said Mr Carnogurky. "If after that time our position with regard to the EU is still unclear, that could be another question."

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Pushing Europe too far, too fast

The French and German finance ministers this week committed themselves to a plan to salvage parts of Economic and Monetary Union. The plan is economically misguided and a political mistake.

Meeting in a small French town they decided to raise the stakes just days before the Inter-Governmental Conference begins in Turin. Their determination to stick to the Maastricht timetable for creating a single currency and their new proposals for stability pacts are as economically ill-conceived as they are politically misguided.

This paper remains pro-Euro-pean and strongly so. There are many sound economic arguments for a single currency, provided the conditions are right. Greater political co-operation and integration is a wise aspiration for a continent riven so many times in the recent past by nationalist tensions. The trouble is that the economic conditions are not yet right for monetary union. So for the French and German finance ministers to press ahead is, in the face of a downturn in their economies and an increasingly sceptical public, risks derailing the political project they hope to build upon economic integration.

Monetary union under a strict interpretation of the Maastricht criteria and timetable is already almost impossible. There is little prospect of France meeting the economic criteria. Yet, without France the single currency will be just a greater Deutschmark. The French government this week cut its expectations for growth this year from 2.8 per cent to 1.3 per cent. It will only be able to get its budget deficit down to the Maastricht requirement of 3 per cent of GDP through another round of severe spending cuts or tax increases. When the government did the same thing last year, the public sector workers of Paris took to the streets in protest and support for the government

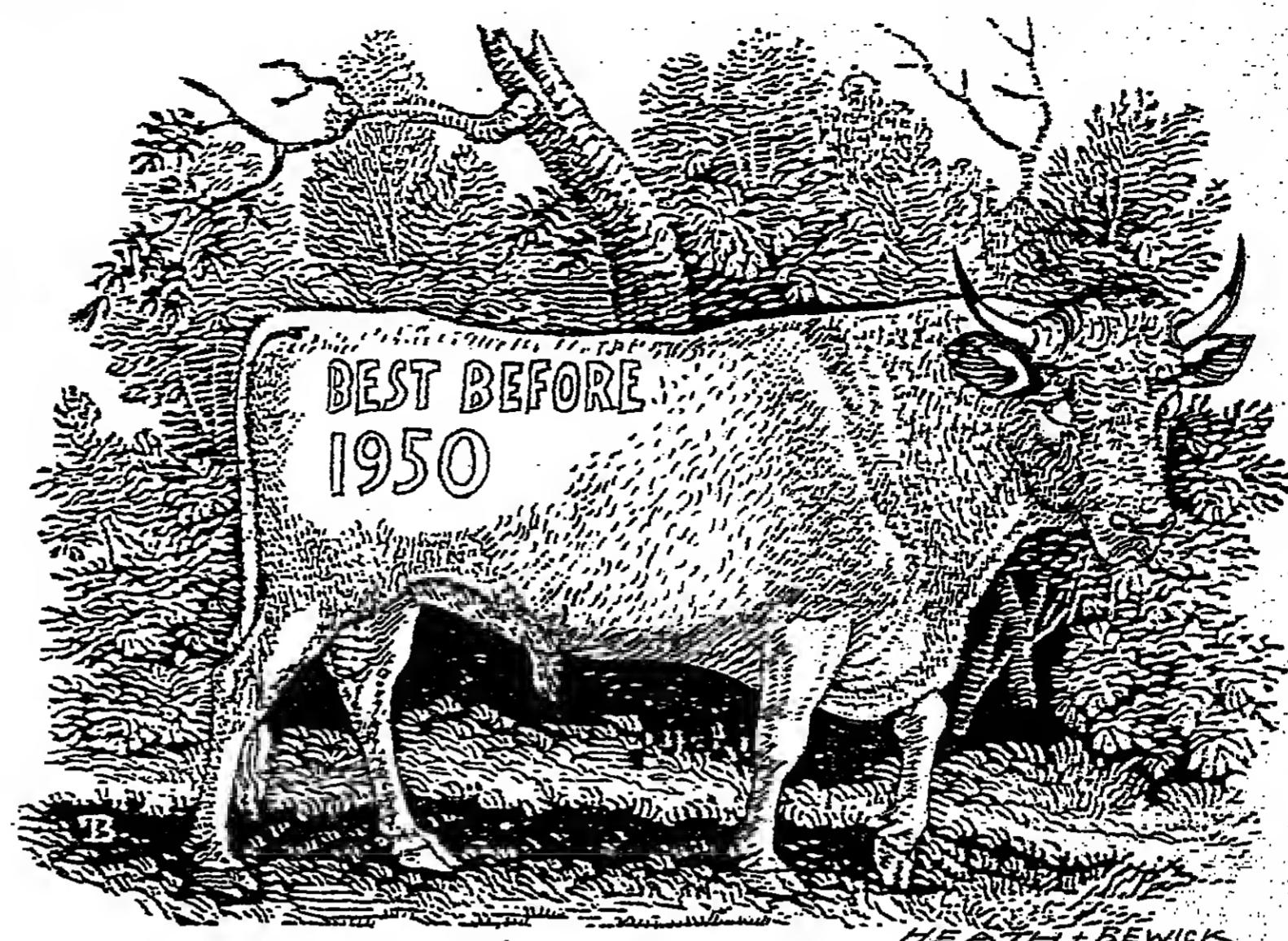
collapsed. For France monetary union will only be possible with a politically risky and economically unwise fiscal squeeze when its economy is already weak.

The French know this of course and the real intention behind the finance ministers' statements was to prepare the ground for relaxing the criteria for monetary union. The new proposals on budgets and exchange rates are a device to bolster the credibility of a hasty dash for a single currency. Countries whose budget deficits are too large would be fined. Those who remained outside the first phase of monetary union would be tied into a new, improved Exchange Rate Mechanism.

This strategy is misconceived. It will provoke the hostility of other European governments without creating the convergence between economies that monetary union requires. Take the new ERM as an example. Currencies which are not strong enough to join the Euro, but which are determined to prove themselves in a strict exchange rate mechanism will be targets for speculation in the financial markets. Another débâcle like Black Wednesday would leave them further away than ever from genuine economic and monetary union.

But the strategy is no more advantageous for the French and Germans either. The Bundesbank among others is unhappy about linking its precious mark to weaker currencies, especially if looser criteria may allow other governments to go softer on inflation. Wide sections of the French electorate will object to a currency union which forces them to undergo further economic pain.

The French and German finance ministers seemed locked in a time warp. They continue to believe that the Franco-German axis and European integration rely on maintaining the momentum for currency union, when at the moment just the opposite may be the case.



Cowardly in Clwyd

For years, children in the care of Clwyd County Council, children for whom that local authority was a parent, were assaulted and abused. An outside expert was brought in to identify what had gone so dreadfully wrong. He produced a catalogue of failings and recommendations for change. Where is his work?

The answer is: it has been suppressed. Councillors will not discuss it. The report might have done something to redress the grievance those young people have against the public authority that failed them. An account from which other social services departments (and police forces) might have learnt has been killed.

Clwyd was not its principal obligation. It was not to the children, nor to the public's interest in making sure vulnerable groups get safe, efficient services, but to its cashflow. It was advised by barristers that in the world of modern local government it must think, first and foremost, of its duty to council taxpayers. That apparently means sitting on a report in which the council admits its fail. Why? Because to publish the report would have been to arm plaintiffs seeking compensation from it which, in turn, would have damaged its finances. Clwyd was helped to this decision by its insurance company, which warned that it would remove cover from the council if it published the report.

This scandal is an offence against open and accountable governance and a recipe for managerial inefficiency, which goes well beyond one Welsh council. The Government has known about pressure from

insurers for some time and done nothing. Inconsistency rules. Leicestershire was ordered by the Department of Health, using a power given to it by the Children Act 1989, to hold an inquiry into a long chapter of abuse in its homes. That report said the council was negligent. Compensation is being paid to victims. If Leicestershire, why not Clwyd?

It turns out that some of the claims made against Leicestershire, and against Staffordshire after the "pin-down" inquiry, helped to break the back of the local authority insurer Municipal Mutual. That same company, which is in a process of winding down its business, has told Clwyd not to publish. A failing insurer should not be allowed to make social policy. Local authorities have statutory obligations to children. The Department of Health has made clear more than once that it expects the results of inquiries to be published. Councils also have statutory obligations to publish information about their management performance. Yet a legal opinion suggests fiduciary duty stands above all of them.

The law needs to be tested. Is it not too late for the cowardly councillors of Clwyd to bite the bullet. Publish – for the sake of the children – and face the consequences. Where abuse occurs, there must be pushing up and recrimination; that means pushing up premiums for liability insurance, so he it. Insurance rates will drop if, and when, councils perform better and cease to be liable. They will only do that if they learn from error. That is why Clwyd's act of suppression is so wrong.

No sex please, we're shopping

I have had a cutting lying on my desk now for about a month that I can't quite figure out, so I am going to reprint it here and now, so that you can cut it out and put it on your desk and try and figure it out for yourself.

It is from the *Daily Telegraph*, page 9, 22 February this year. It reads as follows:

CORRECTION. In our article "Sex and Shopping: The End" on 8 February, we incorrectly included Clare Francis's name in a list of authors of "sex and shopping" novels. We recognise that this is not a fair description of the novels of Miss Francis.

That was the entire item. Rum, eh? Why publish a correction to this tiny item, when so much of what appears in every newspaper is inaccurate but never gets corrected?

One possible scenario is that the people at the *Telegraph* responsible for the feature called "Sex and Shopping: The End" had met for a little post-mortem after it had come out, and they had started feeling guilty.

"Hey, guys, you know we included Clare Francis's novels among the sex and shopping sagas? I've been thinking. Maybe we were wrong."

"In what sense?"

"In the sense that she doesn't write sex and shopping novels."



MILES KINGTON

"Then why did you include her in the feature?"

"I rang up a man at Oxford who is studying airport novels and has read her stuff. He didn't object to the description of her books as sex and shopping."

"But what is a sex and shopping novel, anyway?"

"Oh, for heaven's sake, that was what the whole piece was about!"

"So explain!"

"Well, I didn't actually read the piece."

"I thought you wrote it?"

"Yes. But I didn't read it. Nor have I read any of Clare Francis's novels so I think it was unfair to call them sex and shopping novels. I think we ought to print a correction. Otherwise I'll just go on feeling terribly, terribly uneasy about the genre we assigned her to."

"That's one scenario.

Another is that Clare Francis herself read the piece and saw red at being included among the sex and shopping novelists, and got on the phone to the *Telegraph*.

Another scenario, of course, is that the sex and shopping novelists all got together one morning for coffee, read the piece and saw red at having Clare Francis included among their number so they got on the phone to the *Telegraph* to demand a correction.

At this point you are expecting me to put you out of your misery and explain, once and for all, what a sex and shopping novel is. But I'm sorry. I don't think I can. I have occasionally read books in which sex took place, or seemed to be taking place (so hard to tell sometimes), and in which shopping also took place, often at very expensive shops, but the two activities never seemed to coincide as they should:

"Do you have any silk house coats?" said Arabella to the same young assistant. "Something cool and soothing to the skin? In April, perhaps?"

The young assistant, whose name was Desmond, looked at Arabella's skin. It looked good. He put out a hand and felt it. It felt good, too.

"I think I have just the thing for madam," he said huskily. "Perhaps if

madam would care to come into the changing room..."

"Are you staying in here with me?" said Arabella regally, as the young man brought the flimsy wrap into the changing room and showed no signs of leaving.

"That is up to madam," said Desmond, shyly helping Arabella to undress ...

That's what I call sex and shopping, and I only wish I had time to take you through to the scene where Mrs Lomas, the senior house-cont buyer, finds both of the characters naked except for a credit card, and stays to join in.

I seem to have strayed from the point. What emerges from the whole affair is the extreme importance of describing your novel correctly. I mention this only because tomorrow, here, I am starting the serialisation of a new novel.

It is not, pace Clare Francis, a sex and shopping novel.

It is more up her street than that. It is a sex and shopping novel.

More precisely, a sex and single-handed sailing-around-the-world novel.

It is called *Woman Overboard* by Elsie Fairfax and it starts here tomorrow.

Don't miss it!

Plight of Whitehall exposed

When we began working with Nick Park at Aardman Animations he was still "new talent". We gave him the editorial support and financial backing he needed at that crucial stage of his career and laid the foundations of a creative relationship which resulted in the Oscar-winning success of *A Close Shave*.

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COLIN ROSE

Executive Producer

Animation, BBC South

Bristol

Sir: Like a thief in the night who suddenly has the lights turned on him, ministers and their policies have been devastatingly exposed ("Ombudsman flies Whitehall over staff cuts", 21 March).

William Reid's report linking the dramatic rise in the number of cases of maladministration by departments and agencies to staff cuts across the Civil Service is highly significant. The annual report by the ombudsman acts as a barometer on the state and health of the Civil Service and I cannot remember any previous report being so critical and outspoken as this one.

Ministers, for the past five years have paid mere lip service to the idea of better public services, have now been found out.

For the first time it is not just the trade unions and the opposition parties who are saying that the

Civil Service is in a state of crisis even the independent parliamentary ombudsman is bitterly complaining that you cannot expect service standards to be maintained or improved if you cut staffing levels year after year.

The fact that the day after William Reid's report was published, the Department of Social Security announced that further budget reductions would be made to result in an additional 21,000 staff being cut, sends the clearest of signals. Clearly, the need, at any cost, for this unpopular government to finance a big pre-election tax cut is a greater priority than decent public services.

BARRY REAMSBOTTOM

General Secretary

The Civil and Public Services

Association

London SW11

Venerable economies with the truth

In March 1982, Russell recounts a meeting with an old Sikh officer who, "stroking his beard, which flowed almost down to his saddle, told us tremendous fibs ... He was a noble-looking old economist of the truth."

MICHAEL N RUSSELL

Tottenham

Esser

JOHN GILLOTT

London NE

We need

the le

Sir: I'm afraid Ian Rowland (letter, 21 March) is wrong. I saw the mysterious rock when the geologist who discovered it, Anna Grayson, showed it to me last week. It is too lightweight to be kryptonite, and although of the same epoch, circa 1955, it is more likely a chunk of recycled Marleyite, shade probably Miami blue.

NINA HALL

London W13

Sir: I'm afraid Ian Rowland (letter, 21 March) is wrong. I saw the mysterious rock when the geologist who discovered it, Anna Grayson, showed it to me last week. It is too lightweight to be kryptonite, and although of the same epoch, circa 1955, it is more likely a chunk of recycled Marleyite, shade probably Miami blue.

NINA HALL

London W13

Fifties rock

Sir: I'm afraid Ian Rowland (letter, 21 March) quotes Lord Armstrong's remark about being "economical with the truth", which I had thought of as a recently coined cliché. However, the Folio Society's newly published collection of William Russell's war reports for the *Times* includes a report from Cawnpore

Living on the ledge; the random risk society"; 23 March)

There is a bizarre gap between the archaic imagery in which these religions are traditionally expressed and the world people actually experience.

For those unschooled in superstition or quiet dissimulation religion becomes less and less accessible.

John Hills
Horsham,
West Sussex

Obscure religion

Sir: The problem with the ancient religions in the modern world ("When believers desert their church", 23 March) is that whereas people's need for religion remains as great as ever, (cf

'Living on the ledge; the random risk society'; 23 March)

there is a bizarre gap between the archaic imagery in which these religions are traditionally expressed and the world people actually experience.

For those confusedly offered a Mummy and Daddy image as the ideal – they actually have a Mummy and Daddy, rancorously separated between whom they communicate whether they wish to or not.

CHRISTINE ROE
Nishinomiya, Japan

comment

Blair's winning plan: keep it simple

There'll be nothing complicated in the Labour leader's manifesto. That way he may even keep his pledges

In general, organisations that suddenly make a fuss about "listening to the members", or customers, are organisations in trouble. If the golf club secretary abruptly announces a consultative meeting, you can be sure that the trophy room's been wrecked by the brandy-crazed junior team and the treasurer's sold the 11th hole to a speculative housebuilder.

If a bank says it wants to hear your views, you assume they've lost a billion to a plausible fellow from Mexico. If a supermarket chain, then it's just wiped out Easbourne with the Tagliatelli Surprise. Whether it's takeover threats or crashes, empty reservoirs, redundancies, hideous new road plans, or embarrassingly large pay rises for the board, the promise of "consultation" is a corporate distress-flare, the last throw of desperate PR departments.

And so it tends to be in politics too.

Attempting to overcome the disaster of the early Eighties, Labour leaders took to touring school halls under the slogan "Labour listens". A dispirited Roy Hattersley was harangued by assorted maniacs in T-shirts while a grim-looking Peter Mandelson, then in his moustache-wearing days, stood taking notes.

Over the past year the Conservatives, facing their own little troubles, have conducted a similar exercise with their party members. Cabinet ministers have been dispatched around the country to be told off by some of the 30,000 people who turned up to 800-plus meetings. Yesterday, an edited version of the tellings-off was published under the title, *Listening to the Conservative Party*.

And what do we hear? Only that the

Conservative Party is Conservative, being strongly in favour of the Union Jack, low taxes, identity cards, hanging and inherited wealth, and similarly against federalists, scroungers, red tape, juvenile crime and recreational drugs. Surprise, surprise.

Certainly the Tory hierarchy, who had commissioned the exercise, cannot have been surprised by a word of the published result. Its impact on their manifesto-making will be limited. Activists are not typical of the wider electorate at which the party must aim, so their views, however pungent, need to be diluted and in some cases ignored.

For that reason, Danny Finkelstein and the clever fellows at Central Office will not linger late into the night worrying about what Tory activists in Milton Keynes think of the welfare state. They, the party chairman Brian Mawhinney, and the Prime Minister himself, will rely on polling, focus groups and their instincts before they turn to the activists. Like most such exercises, this has been aimed at morale, not policy. The attitude is: "Let them get it off their chests and go home feeling they've been heard. It will cheer them up immensely."

At first sight, my theory about listening exercises being a distress signal is demolished by the dramatic news, also announced yesterday, that Labour is to design its election manifesto only after, in John Prescott's words, "the largest, most ambitious consultation process ever undertaken by a political party", and that this is to be followed by a ballot of all Labour members on the draft election manifesto.

The answer is that this is not a lis-



ANDREW MARR

Blair's tactic is clever. He has created an anti-betrayal machine, an anti-cynicism plan

tening exercise at all. It is a telling exercise. It is about telling the party, and telling the country.

These days, Labour policy is made behind closed doors in a process as opaque, private and controlled as most of what happens in Whitehall; in that rather depressing respect, shadow ministers are better prepared for office than is generally realised.

This won't be changed by the programme of meetings and speeches that Labour announced yesterday. Nor is the pledge to put the draft, slimmed-down manifesto to a ballot of all Labour members nearly as radical a step as Tony Blair and his colleagues suggest. In the autumn, party members will be offered a straight yes-or-no to Labour's likely manifesto commitments on all the other issues, with no room to register dissent about this or that, or to list preferred priorities.

By the time it happens the election

will seem very close. How many people would want to vote down their own party manifesto just before an election? If this vote embarrasses Blair it is more likely to do so by the overwhelmingly North Korean-style 99.8 per cent majority he wins than by evidence of serious internal dissent.

This will lead some people to dismiss the tactic as another meaningless PR stunt. The temptation is increased by the numbing, euphemistic prose considered essential for new-Labour launches: "We are proud of our past but we are not living in it." Or: "This new programme ... is not about soft options but about making hard choices." I find this has the curious effect of making one play the tune backwards: "We are living in our past, but we are not proud of it ... we must take soft options, not hard choices."

But formulae language aside, the Blair tactic isn't at all meaningless. It is clever, and may even be important to the wider democracy. For what he has created could be described as a foolproof anti-betrayal machine, even an anti-cynicism plan.

In the past, Labour prime ministers have tended to be elected on a surge of utterly unrealistic expectation, particularly among idealistic party members. They were set targets so high that failure was inevitable and party conferences were bound to buy "betrayal". Neil Kinnock used to speak, with a savage grin, about "getting his betrayal in first" by cutting back on old Labour promises.

Blair is going still further. He is lowering his own hurdles. He will campaign on a strictly limited list of man-

ifesto promises, to which the party collectively will be committed through a return of Blair's direct Clause IV appeal to members. Old pledges will be ruthlessly jettisoned and priorities established. That starts today, with the jettisoning of a long-promised plan for training levies. It is bound to be a painful and controversial process. But once it is over, and approved by party ballot, I think it will greatly strengthen Blair before, during and after the election.

Before the election, Conservative charges of a hidden agenda will look less plausible. The party activists will be locked into the cautious manifesto, whose essential points will be known well before the frantic three-week election campaign.

If Blair then wins, both over-

enthusiastic activists and suspicious voters would know what to expect. They would have a simple check-list to use in judging Blair as a prime minister: a check-list he himself has chosen. It takes no account of the crises and surprises of life, which can break governments. But if by 2002 Blair had legislated for, say, 10 out of a dozen measures he had promised in 1997, that would mean something real.

It might even provide a route back to a more trusted polity, offering a real contract and so dispelling some of the current cynicism about politicians. But note: it does this by offering a tough, clear lead, not by democratising the organisation, or offering to consult. It is the act of a leader whose ambition to be the Margaret Thatcher of the centre-left is unmistakable and who is narrowing his eyes on the ultimate prize.

Eat your heart out Stephen Dorrell, BSE on 'The Archers' means there is a crisis, says Ruth Picardie

even, than the real-life cameo by Brian Ekdahl.

The plot began to thicken last Thursday, when a troubled Neil Carter managed to distract John Archer from boring on about his weans.

Neil: I think we need to wait. The link still hasn't been proved, has it?

John: The Government says it's the most likely explanation. That's good enough for me.

Neil: We need more evidence, I reckon.

Hardly nailbiting stuff. But stories begin gently on *The Archers*, with dramatic integrity. Events were sure to gather momentum by the following week.

This could be more dramatic than Shula's IVF treatment

Sure enough, BSE reappeared on Monday night. Ellie May – Nigel and Elizabeth's cow-cum-surrogate daughter – seemed "very unsettled". Disappointingly, Phil Archer felt Nigel had nothing to worry about. There followed a long, dull exchange about farming morale, price support and the Government's response:

Nigel: So he [Stephen Dorrell] is still saying the risk is extremely small?

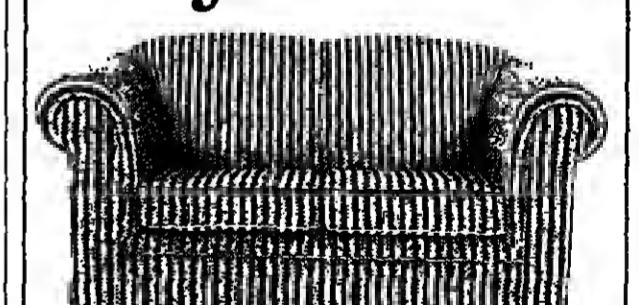
Phil: Providing the existing restrictions are adhered to. And Douglas Hogg suggested those restrictions might be tightened further...

The story continued along these lines last night. How *Archers* fans groaned in disappointment. Had the programme somehow been leaned on by the Government and lapsed back into its early, educational role, officially abandoned in the early Seventies?

Then we remembered. The slow, steady, much-mocked *Archers* did BSE five years ago, when Brian Aldridge was kicked in the head by an infected cow. Operated on for a cerebral abscess, he suffered a post-traumatic epileptic fit, couldn't drink or drive and was put on drugs that made him drowsy. He became so miserable and difficult that his wife, Jennifer, had an affair with her ex-husband, Roger, and their daughter, Kate, became emotionally disturbed and ran away from home.

Out of touch? Undramatic? Let's see *EastEnders* top that.

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The lesson UK plc must heed

To compete worldwide it is vital that we improve our vocational training, says Sir Ron Dearing



Practical skills are as important as intellect

Photograph: News Team International

The need to raise educational standards in this country has never been more pressing. We have set ourselves challenging national targets for the year 2000 but Germany and Japan have already surpassed them.

Our international competitiveness must be based on a well-trained, highly qualified and adaptable workforce. Our economic future lies in creating a highly educated, well-trained and adaptable workforce, matching the best in the world. We must be able to innovate, to challenge and to improve constantly and we must produce goods and services of the highest quality.

We must encourage all young people to achieve as much as they are capable of: today's under-achievers must be seen as an educational priority. This means raising the levels of achievement of large numbers of pupils and increasing the proportion of the over-16s in education and training.

That is why I welcomed the invitation to review the qualifications taken by 16- to 19-year-olds in schools and colleges and in work-based training. The report I published yesterday has nearly 200 recommendations, all designed to increase success rates and to maintain or increase the rigour of qualifications.

Some people may doubt whether these two things are compatible, whether it is possible to raise pass rates without lowering standards. I believe we have to find a way to make them so. But there is no point deceiving ourselves by success achieved through the depreciation of standards.

We must reduce the present high levels of wastage – those who start out on courses but drop out or fail. Thirty per cent of students who start an A-level course never get an A-level. Even more fail to complete applied A-levels (General National Vocational Qualifications). The dropout rates for youth training are the highest of all.

We must start by getting young people on to the right programmes. They should be given disinterested advice by schools, parents and, in particular, the Careers Service. It would help if they could spend a term experiencing both kinds of A-level before choosing one.

This will not be enough, though. If we are going to achieve our targets, we have got to bring another fifth of our young people into post-16 study or training. I do not think we are going to achieve that by concentrating on A-levels. Practical skills and the ability to apply knowledge are

as important as high-level intellectual and academic development.

One of our problems is that vocational courses – the applied A-level or GNVQ, and the National Vocational Qualification – are far less well known and understood than A-levels. A-levels have been around for 45 years; GNVQs for just three. We need to get the message across to parents, employers and university admission tutors. Renaming GNVQs as applied A-levels makes both their nature and their status plain. My report also proposes a recasting of Youth Training as part of a family of national awards to be known as National Traineeships.

Already the Modern Apprenticeship, which is quite new, attracts young people who would otherwise have taken A-levels. It is designed to get them up to the vocational equivalent of A-levels in three years. After that they can carry on working for the same firm or go on to higher education, perhaps through a sandwich course.

Now let me turn to the issue of rigour. One of the problems of the GNVQ has been that it is biased on the principle, "If it moves, measure it". Assessment has run wild, and as a result quality has suffered. This needs to be put right. We need to take a new look at the role for tests and the adoption of new ways of assessing quality.

Another concern has been that the knowledge and understanding underpinning vocational qualifications have not been specified in the past. Teachers and trainers will be able to do a better job if there is clear guidance.

I have been equally concerned to ensure the rigour of A-levels. Employers want 16- to 19-year-olds to develop their general skills, in language and communication, in arithmetic, and in information technology. Those skills are fundamental.

What gave me greatest encouragement during this review was the realisation among so many employers that our future lies in a society committed to life-long learning and training. We must recognise that achievement in applied and vocational education is just as important, in terms of our national competitiveness, as academic achievement. Otherwise we shall simply be fooling ourselves if we achieve our national targets by allowing standards to slip.

The challenges of the next century bring the need for success into sharp focus. Education and training have never been more important.

The writer is chairman of the School Curriculum and Assessment Authority.

We need to take a hard look at drugs

It's time practical policy replaced panic, says Ian Hargreaves

The problem with British policy towards drug abuse is obvious: it isn't working. By every possible indicator, illegal drug use and the crime that goes with it is rising inexorably.

The problem with the standard liberal critique of this policy is also obvious. Legalisation or decriminalisation of restricted drugs can be argued from either a libertarian or a social management point of view. But whichever way it's argued, the public is not ready to buy.

This polarisation does not prove there is a middle way, but it suggests we ought to be looking for one. A Royal Commission on illegal drugs is the way to conduct that search. Let's imagine what it might come up with.

In its starting point the Government's current drugs policy, Tackling Drugs Together, is effective. It's a middle way, but it suggests we ought to be looking for one. A Royal Commission on illegal drugs is the way to conduct that search. Let's imagine what it might come up with.

An inquiry would take as its starting point the Government's current drugs policy, Tackling Drugs Together.

It's the virtues of this approach that are widely agreed. For the first time it attempts to co-ordinate all agencies at local and national level. But no one seems convinced that this three-year plan will achieve its objective: to curb the volume of drug abuse and drug crime.

Tackling Drugs Together lacks boldness. It mumbles about the importance

of reducing the harm caused by drugs, while still insisting upon the wholly unrealistic goal of abstinence. And it fails to challenge the spending priorities of existing policy, which channel 69 per cent of the Government's budget to law enforcement and only 31 per cent to education and treatment.

The inappropriateness of this balance will be reinforced when the Government publishes shortly an overview Department of Health task force report into treatment services for drug abusers. Commissioned in 1994, this has turned into the largest assessment of the effectiveness of drug treatment services ever undertaken in Europe.

This effectiveness review will add force to the argument that treatment programmes are a better buy than more law enforcement. Well run services for heroin addicts, which offer long-term methadone substitution or other sustained treatment regimes, are judged to be highly effective. One large American study, cited in the task force report, suggests such treatment programmes offer the taxpayer a

used in marriage therapy, is appropriately ranked with heroin as a Class A dangerous drug.

A Royal Commission would also conduct economic analysis to understand how supply and demand might be affected if the authorities change the rules by licensing and taxing particular drugs. Could we achieve lower consumption of a drug such as cannabis, if that is the object of policy, by licensing, regulating and taxing it, as with tobacco? Legalisation of cannabis would make a big impact on crime figures, since four-fifths of all recorded drug offences concern this substance.

Our political leaders have made a serious mistake in setting their face against a large-scale inquiry of this kind. All three parties are afraid of appearing soft on drugs and yet it has now been evident for a decade that the alternative merely results in more consumption of illegal drugs, more crime and more blightng of young lives through criminalisation.

The Government's argument against a Royal Commission is that it

already has all the expert advice it needs. Perhaps it will learn from the beef catastrophe that expert advice has to interact with public opinion through extensive debate if it is to be useful. Labour is primarily worried about being seen to be soft on drugs and mistakenly assumes that support for a Royal Commission implies an open mind about the legalisation of cannabis, hence the silencing of Clare Short on this subject.

A Royal Commission established this year would be delivering useful input to government at just the time it is due to review Tackling Drugs Together in 1998 or 1999. Keith Hellawell, who chairs the Association of Chief Constables drugs committee, and officials who have worked at the highest levels in the Home Office and the Department of Health, are calling for such a commission. Their voices combine with many others of great experience. It is time they were heeded.

The writer is a former editor of the *Independent* and has recently been appointed editor of the *New Statesman*. Tonight he reports for *Public Eye* in "Beyond The Drugs War" at 8pm on BBC2.



obituaries/gazette

John Snagge

Recordings of John Snagge's distinctive resonant voice provide separate memories for different generations. Elderly listeners recall the Reithian style of pre-war announcing at its best, and the man who made the Boat Race exciting even for those who had little interest in Oxford. War-time listeners who were glued to the news each evening as Europe was being liberated are reminded of *War Report* on the Home Service at 9.15pm. For the generation that missed the Second World War but relished the original screening of *Dad's Army*, the association is with the anonymous introduction that set the scene for each hilarious episode.

Snagge applied to join what was still the British Broadcasting Company Limited in 1924. He was then aged 20 and had just come down from Pembroke College, Oxford, where he had rowed for his college but not managed to gain a Blue. Previously he had been at Winchester. Like many young graduates with no particular professional qualifications he was attracted to the brand new world of broadcasting.

In the absence of a reply from the BBC, Snagge's father, the redoubtable judge Sir Mordaunt Snagge, called on Reith's deputy, Admiral Charles Cardenale, at Savoy Hill to ask what was happening. The admiral explained that a great number of people had written to the BBC. He was having to go through 1500 applications. "I am not interested in the other 1499" said Sir Mordaunt loftily. John Snagge was engaged, and sent to be the Assistant Director of the newly-opened lo-

cal radio station at Stoke-on-Trent.

Four years later he had fully mastered the tricks of the broadcasting trade, and the BBC had been converted into a public corporation. One result of the change was permission, at last, to broadcast commentaries on sports events. Snagge was transferred to Savoy Hill where he worked first as an announcer, and then as a commentator in the new outside broadcasts department. He made his initial Boat Race commentary in 1931 – the first of 37 radio commentaries over 42 years (the war years intervening) that were heard by people all over the world.

On one occasion the engine of the launch broke down and Snagge was left saying "I don't know who is winning. It is either Oxford or Cambridge!" – words which stuck to him over the years; he said, like a tin can tied to a dog's tail, Snagge once managed to find a coin shop near Broadcasting House, a gold sovereign bearing the date of the first Boat Race: 1829. Since then it has been used for the toss each year, including 1951 when Snagge had to do the sinking of the Oxford boat.

Snagge described many other events besides the Boat Race. One was the maiden voyage of the *Queen Mary* across the Atlantic – the first series of ship-to-shore programmes ever attempted on public radio. The BBC's team, besides Snagge, included Henry Hall, the dance band leader, John Watt and Roger Eversley, producers, and Jack Buchanan and Larry Adler, entertainers.

During the war Snagge was



A distinctive, resonant voice: John Snagge during his 50th Boat Race commentary in March 1980

Photograph: Hulton Deutsch

in charge of the previously anonymous announcers, and it was he who decided that their names should at last be used. The reason given out was security – the Nazis had used false Polish announcers during the attack on Warsaw, and were later known to be training BBC-type voices during the Battle of Britain. But Snagge's real reason was the morale of his staff. He thought it unfair that the outside broadcast commenta-

tors should have their names used, but announcers should not.

Most of the important wartime announcements were made by Snagge himself, including the first communiqué of SHAEF (the Supreme Headquarters, Allied Expeditionary Force), revealing to the world the long-awaited news of the D-Day landings. He read this off a pink card from a small cubicle beneath the Senate House

of London University, then RAF Lord Tedder. Later on D-Day Snagge introduced the first edition of *War Report*, which thereafter became a nightly magazine programme of actuality material from the beaches, following the nine o'clock news.

After the war Snagge remained in charge of the announcers and the presentation announcements on BBC radio. He continued to give the sound commentaries on State occa-

sions which were broadcast overseas as well as at home. On the morning of 2 June 1953 I watched in America the *Today* television show on NBC. In those pre-satellite days the closest that American television could get to live coverage of the Coronation in Westminster Abbey was to relay the Royal Broadcast Service, adding such visuals as were available in the studio. When the shortwave reception of Snagge's commentary faded, as it did more than once during particularly solemn moments of the ceremony, the American anchorman filled in with a facetious interview with *Today's* resident chimpanzee, J. Fred Muggs by name. It was a graceless enterprise which angered Snagge when he heard of it.

He retired from the BBC staff in 1965, but continued his Boat Race commentaries and the introductions to *Dad's Army*. Later he broadcast regularly on Radio London. He was a keen member of the Lord's Taverners, and served in turn as their Chairman, President, Secretary and Trustee.

For many years John Snagge and his wife Eileen lived in a roomy house at Stoke Poges in Buckinghamshire. In 1979 they decided to move into something more easily manageable. He found a convenient smaller house in the pretty village of Dorney, near Windsor. He told me it was the ideal place for retirement: close to a good general store and on a bus route. It did not matter that they knew virtually no one there. As in less than half a year the bus route was cancelled, the general store had closed, and Eileen Snagge had died. Snagge

Leonard Mall

John Derrick Mordaunt Snagge, broadcaster, born 5 May 1904; *Assistant Stoke-on-Trent Station Director, BBC 1924-28, Announcer, Savoy Hill 1928-33, Commentator, Oxford & Cambridge Boat Race 1931-80; Assistant Outside Broadcasts Dept 1933-39; Assistant Director, Outside Broadcasts 1939, Presentation Director 1939-45, Head of Presentation (Home Service) 1945-57, Head of Presentation (Sound) 1957-63; Special Duties 1963-65; *OBE* 1944; author (with Michael Bardsley) of *Those Vintage Years of Radio 1972; married 1936 Eileen Josephine (died 1980); 1983 Joan Wilson (died 1992); died Slough 26 March 1996.**

David Packard

David Packard was one of the giants of the American electronics and computer industry and one of the founders of Silicon Valley.

A giant of a man both physically – he was six foot five inches tall – and in his energy and impact. Packard and his Stanford engineering friend Bill Hewlett founded the Hewlett-Packard company in Packard's garage in Palo Alto, just off the Stanford campus in 1939. They started the business with \$539 borrowed from a Stanford radio engineering professor, Fred Terman, and tossed a coin to determine whether it was to be called Packard-Hewlett or Hewlett-Packard. Packard lost.

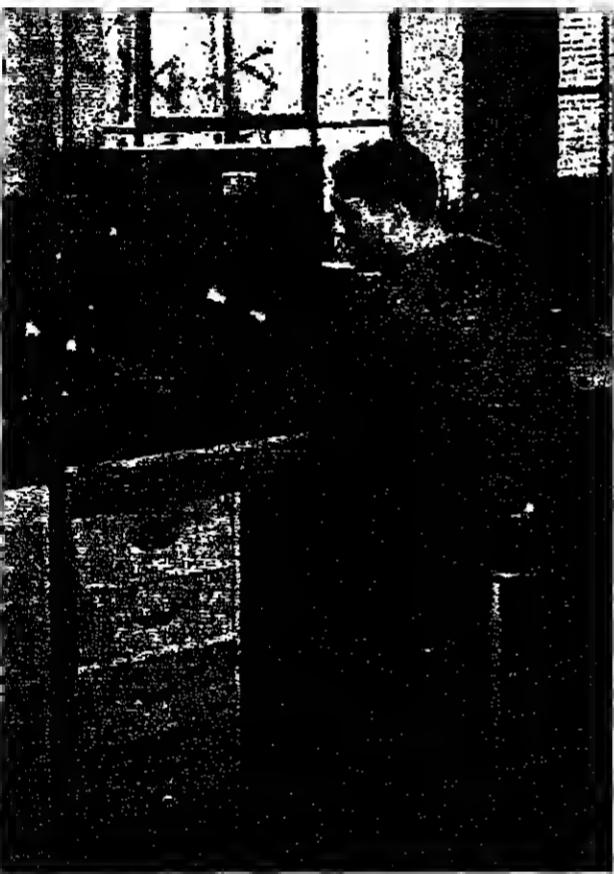
Todays Hewlett-Packard perhaps the leading manufacturer of printers for computers as well as of many other products, has an annual revenue of \$31 billion (£20,000 million) and 100,000 employees worldwide. Its headquarters are still just off the Stanford University campus.

Packard ventured into the world of government. He served as Deputy Secretary of Defense in the first two years of the first Nixon Administration, from 1969 to 1971, and was a member of a blue ribbon Commission on Defense Management in the Reagan Administration.

In 1957, at the time of the initial offer of Hewlett-Packard stock, Packard set down his thoughts about management and what came to be called the "HP way". The essence of his brilliantly successful management philosophy was encouraging people. In a book published last year, *The HP Way: How Bill Hewlett and I Built Our Company*, he wrote "get the best people, stress the importance of teamwork, and get them fired up to win the game".

As a result, a whole generation of leaders in the computer and information technology industries got their start at Hewlett-Packard, including Steve Jobs, who went on to start Apple computers.

After its creation and leadership of Hewlett-Packard, however, his second most important role was in philanthropy. He gave \$2 billion of his personal fortune, estimated at \$5.7 billion (£2.400 million) to the David and Lucile Packard Foundation.



Packard: testing a Hewlett-Packard device in the early 1940s

It has given large sums of money to Stanford University and to the Hoover Institution there; to children's charities; to basic scientific and engineering research; and to the arts. In addition, Packard is listed by Martin Anderson of the Hoover Institution, along with Richard Mellon Scaife, heir to one of America's wealthiest families as the two most important supporters of conservative causes.

David Packard was born in Pueblo, Colorado, into a middle-class family in 1912. He met Bill Hewlett at engineering school at Stanford, and while on a climbing trip they decided to start a business together. On graduation, however, Packard was the administrator and business man, notable for his decisiveness.

In the 1950s Hewlett-Packard expanded out of electronic and scientific instruments into calculators and in the following decades into computers and printers. All these products have an enviable reputation for working without fuss.

In 1969 President Nixon's Secretary of Defense, the former congressman Melvin Laird, tapped Packard for the job of restoring order to the administration of the Pentagon, where cost overruns were costing billions. Packard and Laird introduced a "fly before you buy" policy, in which contracts would not be signed for a product until several manufacturers had competed to show what they could do and at what price.

Neither the new concept nor Packard's management skills made much difference. Most of the contracts Packard initiated, such as the S-3A anti-submarine aircraft and the DD-963 destroyer, ran into cost problems almost as bad as those which had plagued earlier systems. As for the Lockheed C5A transport, which Packard spent 17 months negotiating, it proved both a financial and a technological disaster. Packard was happy to be back in California, and in private industry.

Few industrialists or managers have inspired such affection programmed for silence. Al school in Greifswald – he was born there in 1906 – he was in his own words, fleeing from life into writing. When he was 15 he stuck a label on his door: "Wolf-

Economic miracles were not the only kind of miracle that occurred in Germany in the 1950s. At the very end of the decade and within little more than two years many of the writers who came to dominate German literary life – Hans Magnus Enzensberger, Günter Grass, Uwe Johnson, Martin Walser – published their first books. It was not the first time that a young generation snatched the limelight, sidelining an older generation.

Wolfgang Koeppen was one of that older generation – 40 when the Second World War ended, with two novels published and well received in the 1930s. Between 1951 and 1954 he published three more. After 1954, however, he wrote no other novel. Prizes came later, but they never made a public splash figure of Koeppen, did nothing to alter the impression of a writer who, in fiction at least, had long since fallen silent.

Koeppen had hardly seemed programmed for silence. Al school in Greifswald – he was born there in 1906 – he was in his own words, fleeing from life into writing. When he was 15 he stuck a label on his door: "Wolf-

Koeppen, Man of Letters". The commitment was plain enough, but it was threatened by a hesitant, fragile creativity. When Hitler came to power Koeppen had been for several years a successful *feuilletonist* in Berlin and, whilst out of sympathy with National Socialism, saw himself as one of the writers who "if they hadn't been driven out or imprisoned or hadn't emigrated, clung to hopes that it wouldn't be too bad". He returned to Germany from Holland in 1938, avoided military service and lived mainly from writing film scripts.

In *Tauben im Gras*, disconnected fragments track a multitude of characters through one day in a German city under American occupation, a city unnamed but recognisably Munich. In a many-toned language Koeppen not only depicts a capacious world but peoples whose lives barely overlap. The result documents a uniquely German situation; it also, with its echoes of James Joyce and

John Dos Passos, reconnects the German novel at a surprisingly early date to modernist fiction.

In the two novels that immediately followed there is perhaps less of the virtuoso kaleidoscopic sweep but there is a no less formidable mastery of multi-focused narrative and a no less sharp sense of the tensions and the overriding futilities in the world of Bonn politics (*Das Treibhaus*) and in a world where a failed musical vision and an unabated Nazism nightmarishly coexist (*Tod in Rom*).

The rest was not silence –

Koeppen wrote travel essays that earned much praise – but living, as it turned out, within a novel made it difficult to write one. Those early unique 1950s had, it seems, uniquely fuelled and directed his "imagination": "I wanted to find the climate of the time, the temperature of the day." No one at that time sensed the climate and took the temperature more memorably.

Philip Brady

Wolfgang Koeppen, writer, born Greifswald 23 June 1906; married 1946 Marion Ulrich; died Munich 15 March 1996.

Gp Capt Stuart Wilson-MacDonald

The Battle of Britain was fought nearly 46 years ago and the few who survived become fewer and fewer. Among them was Group Captain Stuart Wilson-MacDonald (he acquired the Wilson when he married his cousin Rosemary after the war).

Stuart Wilson-MacDonald survived not only the battle but a long series of combat tours, thereafter flying and commanding operationally until almost the end of the war. This five-year record was by no means unique among Second World War pilots, indeed it was not even all that unusual. Initially Stuart Macdonald's prospects of a flying career were diminished by a series of boyhood illnesses, largely respiratory. However a period spent in Kenya probably contributed to his recovery, and by 1935 he was fit enough to win a short service commission in the RAF. Thereafter his time

was spent almost exclusively on fighter aircraft and he was particularly associated with number 213 Squadron, which he led during the Battle of Britain, in the Middle East, and later had under overall command in the Balkan Air Force. Such close association with an individual squadron is rarely attained in the RAF, which for that reason has something to envy in the regimental system of the Army.

In September 1940, operating from Tangmere, the most geographically exposed of all front-line airfields, Macdonald led the squadron in the final hectic month of the Battle of Britain and proved himself not only an effective fighter pilot but an inspirational leader whose flew in combat more often than any other of his pilots. He personally destroyed at least three enemy aircraft while his own Hurricane was often severely damaged by enemy fire.

Only when the war in Italy and the Balkans finally ended was he given a rest from active service. He was also given a permanent commission and a number of command appointments in the British Air Forces of Occupation in Germany and senior staff appointments in Fighter Command. He retired in 1963.

Stuart Wilson-MacDonald was a big man in every sense of the word, big but never big-headed. Handsome and powerfully built, he exuded great *bontomie* and a quiet charm. After the war he married and was as happy in that marriage as he always had been in the RAF.

Christopher Foxley-Norris

Duncan Stuart Mac Donald, pilot, born Oban, Scotland 5 March 1912; DFC 1940; DSO 1945; married 1947 Rosemary Wilson (one son, one daughter); died 29 February 1996.

£710,661 net. He left £10,000 to Peterhouse, Cambridge, to support travel by undergraduates.

Mrs Constance Figg Tupper, of Penrith, Cumbria, the maternal scientist, left estate valued at £185,856 net. After personal bequests, she left £100 each to the Parishes of Eddington and Langwathby, and her books not otherwise bequeathed and the residue to Newnham College, Cambridge.

Royal Engagements

The Prince of Wales visits the Norfolk Wildlife Trust's Reserve at Cley on the North Norfolk Coast. The Duke of York visits Washington, United States of America. Princess Margaret attends a Gala Performance by the English National Ballet at the London Coliseum, London WC2.

Changing of the Guard

The Household Cavalry Mounted Regiment mounts the Queen's Life Guards at Horse Guards, 11am. 1st Battalion Irish Guards mounts the Queen's Guard at Buckingham Palace, 11.30am, band provided by the Grenadier Guards.

Births, Marriages & Deaths

BIRTHS

ROUGHTON: On 22 March, to Bridget and Ashley Roughton, a daughter, Florence May.

ANNOUNCEMENTS FOR GAZETTE BIRTHS, MARRIAGES & DEATHS (1 Births, Adoptions, Marriages, Deaths, Memorial services, Wedding anniversaries, In Memoriam) should be sent in writing to the Gazette Editor, The Independent, 1 Canada Square, Canary Wharf, London E1 8LL. Tel: 0171-293 2011. Fax: 0171-293 2012. Postage charged at 66.50 a line. VAT extra. OTHER Gazette announcements (Inquiries, functions, forthcoming marriages, Marriages must be submitted in writing / faxed) and are charged at £10 a line. VAT extra. They should be accompanied by a daytime telephone number.

Birthdays

Queen Ingrid of Denmark, 86; Sir Gordon Adam, MBE, 82; Sir Dirk Bogarde, actor and author, 75; The Hon George Braine, portrait and landscape painter, 66; Professor Lord Balfour of Burleigh, former Master Downing College, Cambridge, 76; Sir Robert Clarke, engineer, Thomas Water, 67; Mr Richard Eyre, artistic director, Royal National Theatre, 53; Mr James Hawley, Lord Lieutenant of Staffordshire, 59; Professor Peter Hesketh, Professor of Contemporary History, Queen Mary and Westfield College, London, 49; Mr Peter Hobson, Principal, London University, 60; Lord Hutchinson of Lullingstone QC, 74; Recorder of the Crown Court, 81; Lord Judd, consultant on social and political affairs, 61; Mr Neil Kinnock, former MP, a Member of the European Commission, 54; Mr Raymond Lister, artist and author, 810; Sir Joseph Lowndes, engineer, 1819; Antoinette de Carvalho, Arjuno, poet and historian, 810; Sir Joseph Williams, 1909; Aleksander Herculan, painter, 1796; George Richmond, painter, 1795; George Washington, 1732; John Flaxman, 1755; Sergei Vasilievich Rachmaninov, composer, 1873; Stephen Butler Leacock, humorist and author, 1944; Christopher Dursting, Morley, poet and playwright, 1987; William Henry Hunt, water-colour painter, 1795; George Richmond, painter, 1795; George Washington, 1732; John Flaxman, 1755; Sergei Vasilievich Rachmaninov, composer, 1873; Stephen Butler Leacock, humorist and author, 1944; Christopher Dursting, Morley, poet and playwright, 1987; William Henry Hunt, water-colour painter, 1795; George Richmond, painter, 1795; George Washington, 1732; John Flaxman, 1755; Sergei Vasilievich Rachmaninov, composer, 1873; Stephen Butler Leacock, humorist and author, 1944; Christopher Dursting, Morley, poet and playwright, 1987; William Henry Hunt, water-colour painter, 1795; George Richmond, painter, 1795; George Washington, 1732; John Flaxman, 1755; Sergei Vasilievich Rachmaninov, composer, 1873; Stephen Butler Leacock, humorist and author, 1944; Christopher Dursting, Morley, poet and playwright, 1987; William Henry Hunt, water-colour painter, 1795; George Richmond, painter, 1795; George Washington, 1732; John Flaxman, 1755; Sergei Vasilievich Rachmaninov, composer, 1873; Stephen Butler Leacock, humorist and author, 1944; Christopher Dursting, Morley, poet and playwright, 1987; William Henry Hunt, water-colour painter, 1795; George Richmond, painter, 1795; George Washington, 1732; John Flaxman, 1755; Sergei Vasilievich Rachmaninov, composer, 1873; Stephen Butler Leacock, humorist and author, 1944; Christopher Dursting, Morley, poet and playwright, 1987; William Henry Hunt, water-colour painter, 1795; George Richmond, painter, 1795; George Washington, 1732; John Flaxman, 1755; Sergei Vasilievich Rachmaninov, composer, 1873; Stephen Butler Leacock, humorist and author, 1944; Christopher Dursting, Morley, poet and playwright, 1987; William Henry Hunt, water-colour painter, 1795; George Richmond, painter, 1795; George Washington, 1732; John Flaxman, 1755; Sergei Vasilievich Rachmaninov, composer, 1873; Stephen Butler Leacock, humorist and author, 1944; Christopher Dursting, Morley, poet and playwright, 1987; William Henry Hunt, water-colour painter, 1795; George Richmond, painter, 1795; George Washington, 1732; John Flaxman, 1755; Sergei Vasilievich Rachmaninov, composer, 1873; Stephen Butler Leacock, humorist and author, 1944; Christopher Dursting, Morley, poet and playwright, 1987; William Henry Hunt, water-colour painter, 1795; George Richmond, painter, 1795; George Washington, 1732; John Flaxman, 1755; Sergei Vasilievich Rachmaninov, composer, 1873; Stephen Butler Leacock, humorist and

Apple Computer stuns Wall Street with \$700m loss

DAVID USBORNE

New York

Bad news at Apple Computer worsened yesterday with a warning from the company that it expected to suffer a giant loss of \$700m (£450m) in the current quarter, far exceeding the direst predictions of analysts on Wall Street.

The announcement can only cast further doubt over the long-term viability of the once-mighty company as an inde-

pendent force in the personal computer industry that it helped to pioneer. It came one day after Moody's Investors Service in New York downgraded its debt to junk-bond status.

The dismal performance guarantees that this quarter, which ends on 29 March, will be the worst in Apple's history.

The losses far outstrip the \$188m of red ink that was revealed in one quarter in the middle of 1993. The company emphasised yesterday, however, that the

losses would be attributable in a large part to a write-down in the value of unsold inventory and to costs associated with restructuring. The company began a process of laying off 1,300 of its 14,500 employees at the start of this year.

Apple conceded, however, that both its shipping volumes and its revenues for the quarter would be significantly down on the same quarter last year, when the company earned \$73m on sales of \$2.65bn. The slowdown

has burdened Apple with a huge backlog of unsold computers and accessories that it has been unable to sell.

Although Apple had been signalling to Wall Street that a large loss was likely this quarter, few analysts had been expecting anything so dramatic. "It's a shocker in one sense because I don't think anyone realised how big the inventory write-off would be," remarked Tim Bajarin, president of Creative Strategies Research

International in San Jose, California.

Gilbert Amelio, who took over as Apple's chairman two months ago, tried to put an optimistic veneer on the news, insisting that he remained convinced that the company's fortunes could be turned around. He promised to unveil a detailed rescue plan in May. "I'm confident at this point that I know what the problems are and that they are fixable," Mr Amelio said from Apple's head-

quarters in Cupertino, California. "We plan to aggressively address these issues and take the necessary corrective actions. We will be able to articulate our plans by early May."

Much of the personal computer industry in the US has been issuing warnings of tumbling earnings as demand for home computers has begun to slide. Some manufacturers, notably Compaq, have introduced across-the-board price cuts, which can only compound the

squeeze on Apple. Apple has been doubly hurt, meanwhile, because of falling consumer confidence in the company and its future. Fears about its viability were fed by rumours at the start of this year that it was contemplating a merger with Sun Microsystems as its only escape route from disaster. Shortly after taking the reins at Apple, Mr Amelio put an end to tentative takeover talks with Sun Microsystems and indicated his own preference for main-

Barratt gambles on housing market recovery

TOM STEVENSON

City Editor

Sir Lawrie Barratt placed a massive bet on recovery in the housing market yesterday, announcing plans to build 11,000 homes-a-year by the end of the decade, a level Barratt last reached in the mid-Eighties. To fund the expansion, the housebuilder tapped the market for £90m in a one-for-four rights issue, its first cash call for 13 years.

News of Barratt's growth plans came as the company bucked the recent depressing trend among Britain's large housebuilders with a jump in half-time profits from £16.1m to £19.1m for the six months to December. Despite difficult trading conditions, Barratt completed 3,002 homes in the six month period, an increase of 12 per cent over the comparable half year.

Sir Lawrie, who six months ago roared the Government for its failure to support the housing market, turned his attention to fellow housebuilders this time, criticising their "flawed expectations" of recovery which had led to a surfeit of unsold houses in the industry and unnecessarily low selling prices.

The flood of poor results in the sector in recent weeks was, he said, a reflection of over-bidding for land in the false dawn of 1994, when many observers believed the housing

market was pulling out of recession only to be wrong-footed by a second slump.

He also criticised much of the recent corporate activity in the sector, claiming that Barratt had looked at the 12 housebuilders to have been acquired in the past three years and had rejected them all on price grounds.

Warning that many of those deals, including the recent acquisition of Trafalgar House's Ideal Homes by Persimmon, had been struck at between 10 and 25 per cent over the odds, Sir Lawrie said: "Why should we take on other builders' problems and then suffer the penalty of paying goodwill for the privilege?"

Reacting to criticisms that the proposed expansion could be a re-run of the rapid growth in

the late 1980s that led to a collapse into the red in 1991, and the return from retirement of Sir Lawrie, chief executive Frank Eaton said Barratt was a much better run business than five years ago. He pointed to a return on capital of over 20 per cent, which compares with the sector average of only 13 per cent.

Barratt denied it was being forced into a volume battle with Wimpey, which – following its recent asset swap with Tarmac – toppled Barratt from its position as Britain's biggest housebuilder. With a new housing market share of only 4.2 per cent and a share of just 0.6 per cent of total housing transactions, the company believes it has plenty of scope for growth.

The focus will be the South-east where the company sees the greatest potential for expansion. Market improvements in that region were the biggest driver of profit growth in the first half.

Sir Lawrie continued his attack on the Government's housing policy yesterday, saying: "In spite of the favourable ratio of house prices to income and relatively low mortgage rates, the market was adversely affected by Government action to reduce Miras and Income Support."

The rights issue, plished at 200p compared to Tuesday's close of 250p, is underwritten by SBC Warburg.

Investment Column, page 22

Sir Lawrie Barratt: Betting on a housing recovery



Hot line: Graham Howe, Orange's finance director (front), and Kurt Snook, managing director, celebrate as shares in the mobile phone company shot to 245p at start of trading compared with the offer price of 205p, writes Mary Fagan. The first 10 minutes saw almost 11 million shares traded, with the volume rising to 72 million in the two hours between 2.30pm and close of play, when the price had settled at 237.5p. Even top institutions received only 10 per cent of the shares they applied for. The flotation of 25 per cent of Orange raises £624m, valuing the company at £2.5bn.

Investment Column, page 22

Photograph: Kalpesh Lathigra

Unions braced for job losses at United Utilities

MARY FAGAN

Indusual Correspondent

Unions fear that 2,000 job losses may be announced today at United Utilities, the company formed by North West Water's £1.8bn takeover last year of Norweb, the regional electricity firm.

There was also speculation yesterday that the group might dispose of its retail operations, which have a substantial high street and supermarket presence in the North-west. City sources said that the most likely route for such a disposal would be a management buyout.

United Utilities declined to comment, but the group is expected to make an announcement to the Stock Exchange this morning. Shares in the company rose 19p to 547p.

Commenting on the rumours, one City analyst said: "The merged operation will have big restructuring costs. Heavy job cuts seem inevitable at some stage."

He added: "They do not seem to have made much progress so far in integrating the business or on delivering the reductions in cost."

Last year Norweb had about 7,000 full-time equivalent employees, 2,000 of them in retail operations – a business the company had pursued energetically.

North West Water had a similar workforce, including over 5,000 in the core water and sewage business.

Unions fear the job cuts might be in addition to reductions on the retail side. City analysts said that a combination of 2,000 redundancies with a 25% staff disposal would be viewed by investors as aggressive.

In November, the group warned that there would be a shake-up in the combined operation, which finally came into being on 1 January.

Brian Staples, then chief executive of North West Water, said: "We're going to completely redesign the group. The idea is to create more non-regulated earnings."

The company has already made progress on that front, with a recent 20-year agreement to operate water and sewer services for North Brunswick in the state of New Jersey in America.

Mr Staples also said that United Utilities should be able to deliver real dividend growth of 8 per cent or greater, against the 7 per cent real growth promised by North West alone.

Mr Staples had earlier angered consumer groups by saying that if the take-over went ahead, shareholders would see the first benefits from any savings from job losses and rationalisation over the rest of the decade.

He said that for the first five years, the money would go to shareholders as higher dividends, and only after the year 2000 would customers begin to see any effect on their bills, spread over five years.

Pilkington sacks 1,900 workers

TOM STEVENSON

Pilkington is to cut 1,900 jobs from its European and US glass-making businesses as part of a radical shake-up of its manufacturing operations. The news, which will cost £155m over three years, was greeted with dismay by unions.

In the City, profit forecasts were shaved as the chief executive, Roger Leverton, also warned that expectations for the year to March were too optimistic. The shares closed 8p down at 198.5p.

Although flagged by the company at the time of its recent acquisition of the Italian glassmaker SIV, the size of restructuring surprised some investors, coming as it did only months after the company tapped the market for £300m in a rights issue. About £70m of the total cost is to cover redundancies, with a further £85m to write down the book value of factories slated for closure.

In both Europe and the US, products are being shifted between sites to lengthen production runs and reduce unit manufacturing costs. In addition, Pilkington's German dou-

ble-glazing capacity is being cut to reflect falling demand.

There was an angry response from union leaders, who said yesterday they would be seeking immediate consultation with Pilkington's management. Alan Black, a GMB official, said: "I had hoped that the days of hearing about redundancies through the media had long gone."

Mr Leverton, the former KTC executive who broke a long line of Pilkington family appointments when he joined as chief executive, responded that he was obliged to release price-sensitive information to the market in this way.

He played down the impact of the proposed job losses on British workers, pointing out that only 14 per cent of Pilkington's business was located in the UK. More than a third is in Germany, which is expected to bear the brunt of job losses, and a quarter in the US.

The profit warning, which prompted downgrades of forecasts from about £218m to £210m for the year to March, reflected comments from Mr Leverton that the General Motors strike had hit US profits by up to £10m.

Sir Geoff Mulcahy, chief executive of Kingfisher, yesterday backed the management of the group's B&Q DIY subsidiary despite the company's poor performance.

The pledge confused many in

Arjo Wiggins chief executive quits

MAGNUS GRIMOND

Arjo Wiggins Appleton, the troubled Anglo-French paper-making and merchanting group, yesterday announced the sudden departure of its chief executive, Alain Soulas. He has been replaced by Philippe Beylier, who has been in charge of the group's successful merchanting division and will now take over as chief executive of the UK-based unit.

Arjo said Mr Soulas was leaving by mutual agreement, but added that he was expected to pick up around £740,000 compensation for loss of office. One source close to the company said the parting involved "a degree of French pragmatism".

The departure of Mr Soulas is thought to be linked to the

widespread review being conducted by new deputy chairman Daniel Melin, also chairman of Arjo's 40 per cent shareholder Saint-Louis, the big French food and sugar group, who arrived in December.

The results of the review, which is thought to involve the management consultants McKinsey, are expected in the summer. Analysts expect it to recommend radical action to deal with the group's problems.

Mike Murphy of brokers

SBC Warburg said there was a question mark over the sustainability of the European paper-making business – parts of which were loss-making last year. "The removal of Soulas, who is a manufacturing guy and has run mills in the past, could remove an obstacle to the sale of that business," he said.

He estimated Arjo's break-up value at only between 155p and 160p a share, valuing the whole group at around £1.7bn. The shares have slumped

from 286p last July after the company was forced to issue a series of trading warnings as de-stocking in the European paper industry hit its business.

As it turned out, pre-tax profits slumped from £217m to £72m last year, depressed by a £121m exceptional restructuring charge.

The company announced 690 job cuts – over half of which relate to the carbonless and thermal papers operations in Europe.



Departure: Alain Soulas leaves by mutual agreement

Mulcahy talks tough with B&Q boss

NIGEL COPE

Heikkinen will want to remain at B&Q. One fund manager said: "It looks a bit sloppy if they can't make their mind up. I suspect that [Mr Hodgkinson] ambitions are not being matched by what Kingfisher is trying to do."

The group had intended to open nine of its huge warehouse stores this year but will now open only four. The warehouse stores show comparative sales growth of 9.4 per cent. But sales have declined 1.2 per cent at the standard-size stores. Group profits were down from £33m to £35m last year though sales grew 3 per cent to £1.3bn.

Kingfisher announced flat pre-tax profits for the year to 3 February. Pre-tax profits, excluding exceptional items, rose 2 per cent to £287m. Total profit rose to £311m, including the sale by Dart, the French electricals business, of a subsidiary.

Star performer was Woolworth whose profits rose 27 per cent in 1995 renewed concerns about the weakness of the economy. But the financial markets shrugged off worries about the impact of the beef scare on Government borrowing, bidding more than two and a half times over for £1bn-worth of gilts auctioned yesterday.

Total investment fell slightly in 1995 as a whole. This was due mainly to an 11 per cent drop in investment by utilities, mining and quarrying. Manufacturing investment rose 8 per cent, the highest rate of increase since 1992.

Economists said the figure was disappointing following the extremely high profits growth of the previous year. Firms had used the earnings to pay higher dividends and take over other companies rather than invest in new equipment or buildings.

Revised figures for investment and stocks showed that the decline in investment spending in manufacturing at the end of last year was not as steep as the 9 per cent originally estimated.

However, it still fell by 5 per cent in the final quarter, returning to its end-1994 level.

The outlook for industrial investment this year is not

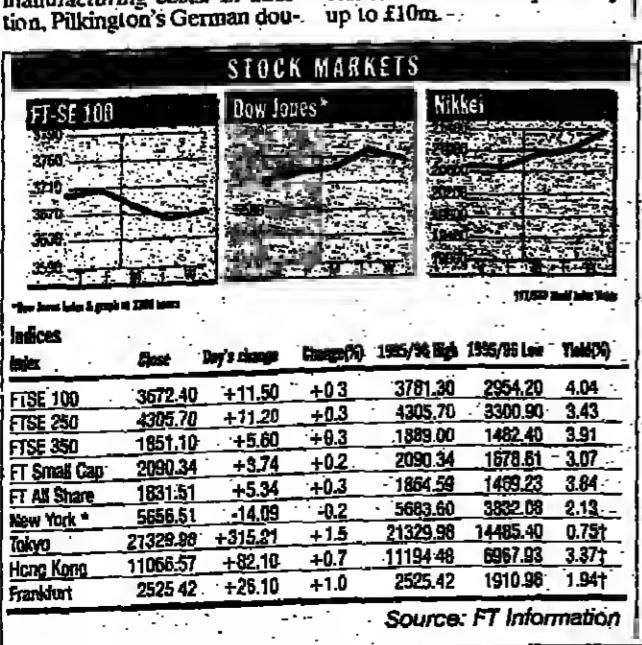
encouraging. Profits are now increasing at a far slower pace, and the company sector returned to financial deficit for the first time in nearly three years at the end of 1995.

Levels of stocks were revised up, showing a total increase of just over £1bn at 1990 prices in the final quarter. Ratios of stock levels to output in manufacturing reached their highest level since the start of 1993.

Manufacturers are carrying too much raw material, too much work in progress and too many finished goods. It is quite alarming," Ian Shepherdson, an economist at HSBC Markets, said.

Despite the disappointing economic figures, financial markets were reassured by the gilts auction's success. Demand for the short-dated stock exceeded the £3bn on offer 2.64 times. The "tail" – the gap between the highs and the average price – was only 4 basis points.

The Treasury yesterday published its second annual Debt Management Report, setting out the Bank of England's task in financing government borrowing in the new financial year. It forecast a financing requirement of £35.6bn – the largest £22.4bn public sector borrowing requirement plus redemptions, which in 1996/97 will amount to £11.5bn.



Housing slump knocks Caradon profits

MAGNUS GRIMOND

Caradon, the Everest double glazing to Mira showers building products group, yesterday warned that it would continue to review its capacity as it confirmed that troubled housing markets had caused a slump in profits for last year.

But further serious job losses beyond the 1,630 already announced are not expected. Caradon's chief executive, Peter Jansen, said: "The difficulty is in forecasting the UK market, where we have 50 per cent of

our business. The general view is that while the first half will be difficult, the second half will show signs of recovery."

There had been no improvement in the early months of the year, he said, but it was difficult to call because the bad weather had kept the industry busy with emergency work such as burst pipes.

Restructuring delivered £25m of cost savings last year and Caradon expects an accelerated programme begun in September to deliver a further £25m in the current year, making £50m in all. But despite the

over £100m for a half-share in the Weru doors and windows manufacturer last year, the picture continues to be gloomy. Housing activity is expected to be weak in 1996, although Mr Jansen insisted that the group remained very pleased with Weru, which remained a central part of its strategy.

Restructuring delivered £25m of cost savings last year and Caradon expects an accelerated programme begun in September to deliver a further £25m in the current year, making £50m in all. But despite the

company's efforts, pre-tax profits slumped from £201m to £114m in the year to December. The dividend for the year is held at 9.5p, after a final of 6.6p. The shares added 1p to 204p.

The results were hit by a £7.6m restructuring charge in the original operations, of which £1.9m related to the plumbing division and £5.6m fell in the electrical business centred on MK Electric, the UK's leading plugs and sockets manufacturer. A further £4.5m provision was taken in Weru, which announced last month that it

would cut 170 jobs at its factory near Stuttgart.

Without Weru, Caradon's figures would have looked much worse. It contributed £12m in its first eight months with the group, just enhancing earnings, but that was insufficient to offset £15.5m losses from doors and windows in the US. Apart from the 7 per cent fall in US housing starts, the deficit was exacerbated by £8m of one-off costs at the Better-Bilt subsidiary due to the introduction of a new computer system.

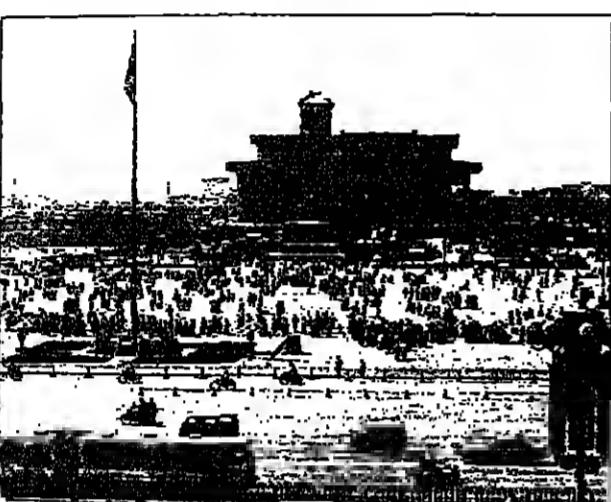
Mr Jansen said he believed there was "nothing to worry about" from the continuing Department of Trade and Industry investigation into unusual dealings in the group's shares prior to a profits warning that accompanied the interim results in September. He refused to comment further as the matter was *sub judice*.

He said there were no immediate plans to buy out the minority in Weru, nor to dispose of the security printing operation, which saw profits dip £1m to £38m last year.

Away day in Peking nearly came off the rails

CITY DIARY

JOHN WILLCOCK



Peking: Mean streets for unwary photographers

where a unit is a customer."

Howard Davies, deputy governor of the Bank of England, is taking time off from worrying about the effects of EMU on British industry to christen a canal narrow boat. On Saturday, Davies will name the Bank's own boat, the Watermark, on a canal near Derby. The boat replaces the old Watermark, which had to be sold off following nine years of wear and tear. The Bank Waterways Society owns and runs the boats, which are hired out to Bank staff. The sailing club also runs a yacht, called Ingolism, after the Bank of England's telex address.

Hans Snook, group managing director of Orange, had one sticky moment when preparing for yesterday's £2.5bn float. Whilst on a roadshow to US institutions, Snook was asked by one American banker: "What's going to happen to your Arpus?" Snook recalled yesterday: "I thought he was being rude. In fact it stands for 'average revenues per unit'.

The last time only two horses finished the Grand National was 1928, and Sporting Index are hoping that history won't repeat itself this Saturday. The spread betting specialists lost £90,000 in 1994 when only six horses finished. This year they are taking the horse by the reins and forecasting that there will be between 13 and 15 finishers in their "Number of Finishers Index." Another bet being offered is the First to Last Index which asks the punter to wager on the number of lengths there will be between the winner and the last horse to complete the national course. The Sporting Index spread for this is between 110 and 120 lengths. On the other hand you could put your liver on a horse with an interesting name.

measure to get new members: "They still have to satisfy quite searching criteria. The ads are an experiment for a couple of weeks. We were offered a good rate."

Roughly 47 per cent of senior executives are prepared to commit fraud by understating write-offs that depress company profits, the *Wall Street Journal* reported this week. According to a study by four business school professors published in the February issue of the *Journal of Business Ethics*, 41 per cent of controllers and 76 per cent of graduate-level business students were willing to commit fraud as well. Securities and Exchange Commission officials commented that failure to record write-offs properly is one of the most common types of fraud investigated.

The Inland Revenue should win a prize for "Most Inensitive Press Release title" with this week's contribution: "Ships: Rollover Relief for Balancing Charges."

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Irish media group set for £206m acquisitions

MATHEW HORSMAN

Media Editor

Independent Newspapers, the Irish publishing group, yesterday announced record profits and said it was prepared to spend as much as £12.20m (£20m) on further international acquisitions.

The group, 28 per cent owned by the Heinrich chief executive Tony O'Reilly, shook off spiralling newspaper costs to push pre-tax profits 33 per cent higher to £15.5m, on sales 36 per cent up to £136.8m.

Liam Healy, chief executive, said the results from the company's South African and Australian publishing interests were notably strong. "We continue to believe there is a lot of development potential, particularly in South Africa," Mr Healy said. Independent dominates the

Irish newspaper market, where it publishes the quality market leader, the *Irish Independent*. Operating profit in Ireland increased by 21 per cent to £12.25m, on turnover ahead 18 per cent to £160.9m.

In the UK, the company owns 43 per cent of Newspaper Publishing, owner of the *Independent on Sunday*, as well as regional newspapers, magazines and an outdoor advertising operation.

It has recently expanded aggressively overseas, taking its stake in Independent Newspaper Holdings (formerly Argus) of South Africa to 60 per cent. Last year it also made its first foray into New Zealand, where it controls 45.1 per cent of Wilson & Horton, the largest publisher, through its 50 per cent-owned Independent Press.

Independent dominates the

25 per cent of Australian Provincial Newspapers, the regional newspaper publisher, which contributed operating profits of £451.9m (£21.3m) last year.

All told, overseas operations account for more than 50 per cent of total profits. Mr Healy said the company intended to continue expanding globally, following an established strategy of taking minority stakes and building on them.

Separately, Independent announced a capitalisation issue on the basis of two new shares for every three currently held. Mr Healy said the issue was aimed at lowering the unit price of the share to encourage investor interest.

A final dividend of 16.5p has been recommended, taking the total for the year to 160p, up 18 per cent over 1994. The shares added 5p to close at 483p.

THE INVESTMENT COLUMN

EDITED BY TOM STEVENSON

A leap of faith is needed before buying Orange

The number-crunching by analysts as yesterday's first dealings in mobile phone group Orange approached has been impressive. All sorts of arcane discounted cash flow models and comparisons of earnings multiples have been used to assess the value of the company at different risk premiums.

Depending who you talked to, the paper value of the company on flotation came out anywhere between £1.5bn and £3.2bn. In the end, the sale price was £2.45bn and the shares shot to a 19.5 per cent premium, valuing the whole of Orange at £2.9bn.

If this had been a sale of the whole company, the owners would of course have been kicking themselves at giving away so much. They could in fact have floated at a higher price, but decided against raising the ceiling of the indicative pricing range of 175p to 205p – published in the prospectus – despite early evidence that the offer would be heavily oversubscribed.

It is obvious why they were so generous: three-quarters of Orange stays with British Aerospace and Hutchison, and a healthy premium at the start is good investor relations for the long term. The marginal underpricing should be more than made up by the increase in the paper value of the rest of the stock.

The problem with valuing a stock like this is that investment appraisal is only the beginning. Orange is a latecomer to a relatively new market and it happens to have had an extremely successful year, wrong-footing Vodafone, Cellnet and Mercury One-2-One on both pricing strategy and marketing.

But with such a short track record, projections of future growth, market share, margins and customer usage are about as reliable as economists' forecasts of gross domestic product: useful as a working assumption for a Budget or a spreadsheet, but anybody who believes them needs his or her head examined.

To buy Orange requires a leap of faith as well as number-crunching. There is evidence all around that mobile telephony will have an all pervading influence on people's lives in the next century. The choice of Orange rather than Vodafone is dictated by the fact that over the next two

years the company has a useful advantage: the fact that – unlike both Vodafone and Cellnet – it sells only digital phones.

Orange shares nevertheless look expensive on paper when compared with Vodafone. They will stay that way just as long as the company outperforms its bigger rivals in growth of market share.

Barratt sets off alarm bells

Barratt's results for the first six months to December were a welcome relief after the carnage of the recent building reporting season, increasing profits by 19 per cent was an impressive performance measured against the substantial falls recorded by peers such as Beazer and Wilson Connolly.

The announcement of a £90m rights issue to accelerate the group's land purchase programme, however, will set alarm bells ringing with anyone whose memory stretches back more than the past four years.

When Barratt plunged more than £100m into the red in 1991 it was the direct result of just the sort of expansion that the company is contemplating over the next four years.

Sir Lawrie was quick to criticise his rivals yesterday for their over-enthusiasm in 1994 when greed took over from fear and most of the industry took their cheque books out to snap up what remains of the UK's scarce land resources.

The recent profits collapses are a direct result of the rapid escalation in raw material costs which that auction set in train.

Barratt dismisses suggestions that it is a volume junkie, out to get its own back on Wimpey, which since the asset swap with Larmac is now at the top of the house building heap. It is also, chief executive Frank Eaton promises, a much better run business than the ones that came such a spectacular cropper five years ago.

It may well be, although it is hard to

judge using Barratt's preferred measure, return on capital employed.

The house building industry's propensity to write down asset values when the going gets tough makes that a meaningful ratio.

The market took yesterday's cash call in its stride, with Barratt's shares jumping 7p to 232p, bang in line with the notional ex-rights price implied by the terms of the rights – one-for-four at 200p.

On the basis of forecast profits of £51m for the full year – compared with last year's £47.1m – the shares stand on a prospective price/earnings ratio of 13.

If you can shake off the fear that a battle between Barratt and Wimpey will send land costs soaring, that is reasonable value.

If the thought worries you, the shares are rather less attractive.

Logistical hitch at Tibbett

Logistics, or managing other companies' transport and distribution requirements, is not the go-go business it once was, a fact reflected in the near-halving in share price of Tibbett & Britten from a high of 908p just over two years ago. The market, however, is not the only problem facing Tibbett & Britten.

Just about the time its shares were peaking, Tibbett was busy overpaying for Tolman, a car transportation business which dragged the group's existing Axial UK operation from a £4.4m profit to a £9.8m loss last year.

That turnaround in large measure explains the collapse in Tibbett's pre-tax profit from £26.9m to £21.1m last year. The market was well warned of the problem and the shares bounced 82p to 505p yesterday with relief that things were not worse.

Tibbett was clearly blinded by the promise of picking up the rest of Ford's UK business when it forked out £15.4m for it.

As it happened Ford, now 70 per cent of Axial UK's turnover, chose last year to shake up its manufacturing operations in Europe. Compounded by poor management and dual information systems, almost everything that could go wrong has done so.

The business is now said to be back on track for profits next year, but the rest of the group's operations are looking patchy. With turnover related to the consumer goods industries having risen from 50 to 55 per cent last year, Tibbett has increased its exposure to the cut-throat retail sector.

The Canadian business did well, but much of the growth in the other international operations outside Axial Europe came from acquisitions. Tibbett is now moving into the potentially exciting US market and is convinced it will succeed where Christian Salvesen failed a few years ago.

The company's management remains confident that there is still growth left in the logistics market, but the City may take some convincing about this. On a prospective p/e of 15, assuming profits bounce to £23m this year, the shares now look high enough.

BET steps up Rentokil battle

RUSSELL HOTTON

BET sought to regain the initiative in its takeover fight with the rival business services group Rentokil yesterday when it staged a mass presentation to institutional investors.

With city analysis expecting a small rise in Rentokil's current £1.9bn offer might win the battle, BET published new figures which it said underlined the growing strength of the business.

BET said that about 30 of the 50 largest shareholders in the company sent representatives to the meeting, where the chief executive, John Clark, outlined prospects for the key operations in the group.

Six operations – distribution, security, training, textile, leisure and plant hire – would produce turnover up 14 per cent this year, with operating margins rising to 11.5 per cent.

"The true potential of BET lies within these six key product groups. They are the bedrock of the future of BET, and we are confident that they will deliver growth well into the next decade," the chairman, Sir Christopher Harding, said.

But Rentokil seized on BET's failure to mention its cleaning and personnel services activities, which it claimed accounted for one-third of turnover.

Clive Thompson, Rentokil's chief executive, said: "Yet again BET shareholders must have been disappointed by what they saw and heard today. Their board remains unwilling to address the real performance of the majority of BET businesses."

The comments came as stockbrokers NatWest Securities issued a report that BET appeared to have little chance of escaping Rentokil's clutches. Analyst Paul Morland said: "We conclude that Rentokil's initial offer is generous and BET shareholders should not assume that it will be raised. If the offer is raised, it is unlikely to be very much."

He believes that Rentokil has little scope to raise the offer, because a takeover would enhance earnings by 3 per cent if there were no disposals.

If Rentokil were to dispose of plant services and Style conference management, we estimate that the deal will be earnings neutral at the current offer price," he said.

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COMMENT

If there is to be a formal, representative and answerable monetary committee at the Bank, it also needs to be fully in control of interest rate decisions'

Politics versus logic in the battle for the Bank

You don't need a crystal ball to know that the Chancellor and Governor of the Bank of England are going to be at loggerheads again over interest rates before too long — perhaps not at next Wednesday's meeting but, unless the economic backdrop changes quite substantially, certainly by late spring or early summer. The Chancellor wants to see at least another half point off interest rates, his next-door neighbour at No 10 more. The Governor wants them on hold and, if things carry on the way they are right now, moving gently upwards from the autumn onwards.

Precisely when the Bank chooses to stand its ground is hard to predict. If it believes that there are bigger fights to come, it probably won't be at this next meeting. But at some stage it will, putting the present monetary arrangements to the test once again. Kenneth Clarke has already ignored the Governor's advice once before. On that occasion he got away with it. Eddie George was proved wrong. So it could be argued that it is the Chancellor's judgement that we should all trust, not the Bank's. Mr Clarke is unlikely to be lucky twice, however, and if he goes against the Bank again, the credibility of the present monetary arrangements will be called into question once more.

Does this matter? With an election looming, the Chancellor won't be worrying too much about credibility. Whatever the markets may think, the electorate on the whole doesn't care a fig. It has yet to be educated

into the virtue of an independently determined monetary policy. Outside the markets, interest rate cuts are nearly always popular, whatever their motivation. Certainly the politically inspired rate cut is a long way from being a thing of the past. One of our leading tabloids already has the headline set up for when the Chancellor does it. "Belt up Eddie", the headline will read over a glum-looking Eddie George in the back of a car.

Kenneth Clarke is more sympathetic to the Bank's case for full independence than most of his Cabinet colleagues but even he is not wholly for it. As for the rest, an independent central bank smells too much of things European to even be considered.

Ironically the Bank may stand a better chance with Labour, which on paper at least is as opposed to full-scale independence as the present government. Even among New Labour there is a tendency to regard the City as a state within a state, something that acts in its own greedy interests rather than those of the country. Rightly, Labour has argued that if the Bank is to have greater authority in deciding monetary policy, then those that decide it within the Bank should be a more representative, less City-oriented lot. A monetary committee, with outside members, would be established and its deliberations

published.

While the ultimate decision on interest rates is taken at the Treasury, however, the proposal suffers from a fatal flaw. Regard-

less of what the majority of the committee decides, the Chancellor would always be able to go along with the published view of the minority if it better suited his purpose. The Bank would as a consequence have even less power than it does at present. As things stand, its position on rates, although it may be wrong, is at least a non-dissenting one.

The quid pro quo for a more representative and answerable monetary committee at the Bank, it also needs to be fully in control of interest rate decisions. That is the logical conclusion to draw from Labour's policy. But then logic never did have much to do with politics.

A good effort from Sir Geoff

It's time for an end-of-term report on Sir Geoff Mulcahy, chief executive of Kingfisher. A year ago, fresh from a calamitous profits warning and a boardroom clear-out, Sir Geoff descended into the hot seat to sort out the mess, particularly at Woolworths and Comet. He was judged too valuable to walk the plank himself and the City gave him the benefit of the doubt, waiting to see if he could re-work old magic. One year on, how has he fared?

The short answer is not bad, about seven out of 10, in fact. His cap may not yet be

titled at a jaunty angle but there is reason for some spring in the step. Good progress on most fronts has only been marred by the occasional lapse in concentration.

Woolies gets a gold star and has lived up to its promise with higher sales and profits.

It is difficult to argue with like-for-like sales growth of 6 per cent and an increase in the margin. Comet gets good marks for improvement after being dragged back from the abyss. It is making a profit of sorts, although the operating margin is still a dismal 1.5 per cent.

The weakest subject is clearly Woolworths — B&Q is now and here, the market may ride to Sir Geoff's rescue. Boots and WH Smith may soon bite the bullet on the loss-making Debenhams and either sell or close some stores, helping all the other players. Who knows, Sir Geoff may even buy a few more. Kingfisher's share price is still well short of its 1994 peak but a 50 per cent rise since last year's disaster Sir Geoff is plainly reapplying himself with vigour.

Risky moves from BT

BT is taking a risk in complaining that Don Cruickshank, the telecoms regulator, is out of step with new government policy on cartels and abuse of market power. It could go more than it bargained for.

Mr Cruickshank has proposed taking

new powers in this area against BT, which the company vehemently objects to. Yesterday it pointed out the apparent inconsistencies between Mr Cruickshank and the consultative document put out by Ian Lang, President of the Board of Trade. It would like the regulator to come into line with Mr Lang.

What BT has overlooked is an inconsistency the other way around: Mr Cruickshank does not propose draconian fines in his new rules. But the Government proposes enormous fines of up to 10 per cent of turnover in some circumstances. Does BT really want full consistency between national competition policy and telecoms regulation? Perhaps it should let sleeping dogs lie.

As for Mr Lang's proposals to toughen up the powers of the OFT to police market abuses, they are welcome indeed. For the first time, there will be a tribunal able to fine cartels, as Brussels already does. Equally important, predatory pricing and other abuses will be stopped in their tracks as they happen. As things stand, the victims of such abuses are as often as not bankrupt before the OFT has gone through the cumbersome procedures required.

The only problem with the reforms is that they have taken so long to appear. First proposed in 1989, a ritual soon developed in each successive OFT annual report, in which the incumbent director-general asked the Government to hurry up and carry out its promise to legislate. This time it had better

Lang proposes sharper teeth for OFT

PETER RODGERS
Business Editor

Tough new powers for the Office of Fair Trading to crack down on cartels and anti-competitive behaviour were proposed yesterday by Ian Lang, President of the Board of Trade.

A new tribunal will also be established that for the first time will allow large fines to be levied in Britain against cartels, of up to 10 per cent of turnover. At the moment, only the Brussels competition authorities can fine cartels.

The plans, in a long-awaited consultative document, will allow the OFT to search offices, take away papers and ban predatory pricing and other similar abuses immediately they are discovered.

They were proposed in outline in government papers in 1989 and 1992 but have so far failed to reach the statute book despite strong pressure from the OFT and the Monopolies and Mergers Commission.

The Department of Trade and Industry gave no date for legislating but insisted that the

consultative document showed the Government's intention of implementing changes as soon as possible.

The document immediately led to a row between BT and Sir Iain Vallance, said the reforms conflicted with proposals put forward by Mr Cruickshank for a new fair trading provision in telecommunications regulation.

The Government has proposed a right for companies to have OFT decisions reviewed by an independent tribunal and for points of law to be referred to the High Court on appeal. But OFT had rejected similar proposals by BT. The Government is also proposing an updating procedure for controlling abuse of dominant position. BT said similar proposals put to Mr Cruickshank had also been rejected.

However, a spokesman for Mr Cruickshank rejected the criticisms and pointed to a section in the consultative document that says the position of regulated utilities is "quite distinct" from general competition

law. The section appears to wash its hands of the dispute between BT and its regulator by saying that existing legal procedures are sufficient to resolve the issue of new powers.

A key proposal in the government document is reform of the Restrictive Trade Practices Act, to bring it into line with the European Commission approach, which allows immediate bans of unacceptable practices.

At the moment, restrictive agreements have to be sent through the time-consuming processes of the restrictive practices court before anything can be done.

The prohibition approach has not been extended to abuse of market power, but the OFT has been given new powers to demand information, search and take or copy papers.

A third innovation is to give the OFT powers to issue interim orders to stop anti-competitive behaviour while it investigates. Finally, a new form of tribunal will be established which is an appeal body and can also fine companies up to 10 per cent of turnover.



Head to head: Sir Iain Vallance (right) of BT and Don Cruickshank of Ofot have clashed over proposed reforms that would confer greater powers on the OFT

IN BRIEF

• Banks are underestimating the risks involved in the settlement of foreign exchange deals, the Bank for International Settlements warned yesterday. But rather than central bank intervention it recommended private sector involvement through a variety of competing settlement systems. A BIS survey showed exposure to foreign settlement risk "is not an intra-day phenomenon" as banks in fact face a "minimum" of one-to-two days' exposure. The report specifies a two-year time frame for banks to produce mechanisms for reducing foreign settlement risk exposure and the committee believes that most banks will bring new systems into play as part of their general upgrading of technology.

• Moody's Investors Services, the credit rating agency, is reportedly under investigation by the US Justice Department in connection with alleged anti-trust violations in its ratings of municipal bonds and other debt securities. The department is said to be investigating whether the agency tried to pressure bond issuers to hire it to evaluate their debt or face negative comments or lower ratings.

• Railtrack's net profits are set to rise from £239m in the year to March 1997 to £285m by the year 2000, according to analysis at SBC Warburg, the merchant bank that is handling the company's flotation.

• Jaguar is to get an £80m UK government grant package towards a £400m investment in a new plant in Birmingham. The Department of Trade and Industry confirmed yesterday. The project, which faced intense scrutiny by the European Commission, is expected to create 1,500 jobs.

• Mid Kent Water is threatening legal action to stop General Utilities trying to bid for the company in partnership with Saur. Mid Kent says that a bid would be in breach of General Utilities' previous undertaking to hold no more than 19.5 per cent of its shares. The company said the situation was under examination by the regulatory authorities and that it "may commence legal proceedings" if it failed to secure a satisfactory outcome.

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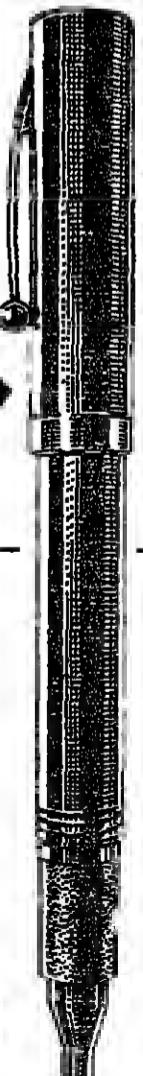
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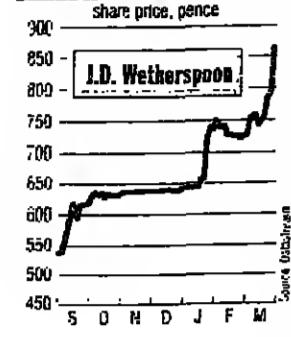
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SHARE SPOTLIGHT


Now it's MAM's turn to be pushed into the limelight

The powerful fund manager Mercury Asset Management, which played a pivotal role in the £3.9bn Granada takeover of Forte, is being pushed back into the stock market limelight.

There has been discreet buying and the price, after drifting aimlessly, gained 10p to 866p, a 2p advance this week.

Since the demerger from what is now SBC Warburg, MAM has been seen as a takeover target. With the Gartmore fund management group and the Clerical Medical insurance mutual on the market MAM tended to slip into the late over-mist.

The shares, at a 963p peak in October, have lost their enthusiasm. But with NatWest absorbing Gartmore and Halifax accounting for Clerical Medical, MAM is back in the bid arena.

The fund management ambitions of cash-rich NatWest

are unlikely to be satisfied by Gartmore; hence the suspicion that it could shortly descend on MAM, which is currently valued at around 1.6bn.

The feeling that a mega bid was near was once again going the rounds. The recent lack of take over activity is regarded in some quarters as the lull before the storm.

BT, still in deep trouble with its industry regulator and sinking to new lows, is seen as the major part of the deal. Cable & Wireless is the other party.

Putting the two together will create huge problems. Because of C&W's controlling stake in Hong Kong Telecom and its ramshackle network of overseas interests it is suggested any merger could only be completed through a reverse takeover - with C&W bidding for BT.

The combined group would command a stock market val-

uation of approaching £35bn, making it easily London's largest capitalisation.

BT slipped 2p to 234p while C&W fell 4.5p to 477.5p.

The arrival of Orange took attention away from BT and Cable. Orange did not reach the 250p many predicted but the mobile telephone group went from a 205p fixing to 244p, closing at 237.5p. Trading was busy with Seao putting turnover at 75.5 million shares. British Aerospace joined the Orange celebrations with a 13p gain to 868p.

Helped by the Orange issue, an Iceland share buy back and heavy trading in a few off-shore tiddlers, the market had a busy

MARKET REPORT
DEREK PAIN

Stock market reporter of the year

554p on the better-than-expected figures but Pilkington lost 8p to 198.5p on its profit warning and job losses.

Oils were strong, inspired by the continuing strength of the crude price and the confident sounds emerging from a US conference. Enterprise Oil

& C&W fell 4.5p to 477.5p. The FT-SE 100 index improved 11.5 points to 3,672.4 and the supporting FT-SE 250 index put on 11.2 to a peak of 4,305.7.

The BSE disaster, at least for the time being, took a back seat with some food producers managing modest rallies.

Drug group had a mixed time. British Biotech surged 135p to 2,485p but Glaxo Wellcome shaded 4.5p to 3,31p as the Japanese group, Sankyo, delayed the launch of a diabetic drug for which Glaxo is European licensee.

Kingfisher jumped 21p to

time with turnover topping 1bn shares for the second time this month.

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and the supporting FT-SE 250

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Facing up to the hard financial facts of devolution

The Labour Party has committed itself to transferring economic decision-making from the faceless bureaucrats of Whitehall to Wales, Scotland and the regions of England. Go and tell that to our Nelly, as my Lancashire forebears might have put it.

This sceptical reaction is a bit unfair, for Labour has established a regional policy commission to explore all the options. It is not due to report until late April. But there are at least two very good economic reasons for doubting whether the full-scale devolution of tax and spending powers can take place for the foreseeable future.

The first point is that, as in any country, the population of the richer regions subsidises people in the poorer regions. This is just as it should be. However, in other countries it is the wealthy who want to stop shelling out for their feckless poorer compatriots - the Milanese who want to stop supporting Naples, and the Catalans who would prefer not to subsidise the Galicians.

Unfortunately, it is the poorer regions that are keenest on devolution in the UK. They will end up making it clear to the apathetic majority how big the existing regional subsidies are and will need to remain after devolution. Although many Scots, on their tenth visit to see *Braveheart* at the cinema, firmly believe that Scottish oil revenues have underwritten the rest of the nation for more than two decades, the fiscal arithmetic is complicated and controversial.

The second point is that there is a conflict between genuine devolution of powers to tax and spend and control of the public finances. The Shadow Chancellor, Gordon Brown,

is keen to appear as responsible with his budget as the most hawkish City financier could wish, but it is hard to believe that elected regional governments would share this concern. The first set of obstacles is very thoroughly laid out in a recent report from the Institute for Fiscal Studies*. Assigning public expenditure and tax revenues to the different UK regions is tricky, for both practical and conceptual reasons. The practical obstacle is the limited availability of data. It is one that would diminish after devolution, when new figures could be collected.

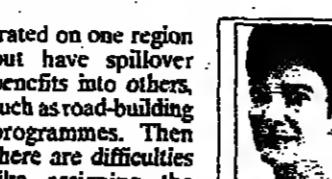
The conceptual difficulties are in a different league. Many categories of government spending, like defence and the interest on government debt, benefit the country as a whole rather than a particular region. *Defend the South-east* and you defend the Welsh with the same expenditure. Others are concerned on one region but have spillover benefits into others, such as road-building programmes. Then there are difficulties like assigning the existing stock of government debt between regions, and deciding on Scotland's right to oil revenues.

The Treasury splits out general government spending that can be assigned to particular regions each financial year - that is central plus local authority spending. None of defence or overseas spending is "identified" by region, but large parts of housing, environmental, education, health and social service expenditure can be. Altogether, a regional split for nearly three-quarters of government spending is available.

Comparing these figures, the IFS finds that within the English regions, per capita spending is below average in the East and West Midlands, East Anglia and the South-west. Comparing the separate countries, spending is 16 per cent higher in Wales and 27 per cent higher in Scotland than the English average.

The differences are accounted for by a mixture of the regional pattern of automatic spending such as social security, specific regional aid, local authority differences, and the special formula which raises expenditure in Wales and Scotland.

There are also big differences in the regional distribution of tax revenues. For example, the South-east accounts for a higher proportion of



ECONOMIC VIEW
DIANE COYLE

income tax and national insurance, VAT, business rates and petrol duty. It has higher earners and higher spenders than the average. But it has lighter drinkers and smokers, so makes a smaller contribution to tobacco and alcohol duty revenues.

Total tax receipts per capita from the South-east are 16 per cent higher than the national average. Scotland manages 98 per cent of the average. Wales only 83 per cent.

These differences do not matter at the moment, but they will become more explicit as devolution rises up the political agenda. According to the IFS calculations, to fund the existing pattern of spending, either regional tax rates would vary hugely or big explicit transfers through grants from central government would be required. As the tables show, a basic rate of regional income

tax could vary between 19 and 45 per cent. Transfers could range from a £56-a-head subsidy from Southerners to a £633-a-head grant to the Welsh. Neither will be easy to sell politically.

The other obstacle to devolving economic policy is the need to keep control of the government spending total. This directs attention to a key economic question about devolution: why? (In political terms, the answer is obvious.) Is it to gain more economic efficiency in taxation and spending, or is it to make economic policy decisions more democratic by giving higher priority to different regional preferences? There is already tension between these two functions, with the Government determined to cap local spending and the authorities keen to exercise their own choices.

The efficiency case rests on better information about needs being available to bureaucrats at the

regional or local level, and applies in the case of education or public libraries, for instance. Devolution could actually increase this efficiency by introducing more electoral control over those local decision-makers. This would clearly be superior to decision-making by quango, whose members have no efficiency incentives.

The Labour Party rests its arguments on the choice case, however. As deputy leader John Prescott put it: "The aim of decentralising power and regenerating our regions forms an integral part of our strategy for achieving a stake-holding society in Britain."

One of the questions the regional policy commission will therefore have to answer is how much choice regional bodies will be allowed to increase taxes and expenditure. It is hard to believe that they will get a *carte blanche* when Labour front-benchers are not allowed to say anything that might possibly hint at an extra spending commitment. And if so, the economic democracy argument looks a bit thin.

The IFS suggests that it might be possible to have the best of both worlds. A new regional tier of government could permit greater efficiency in the implementation of nationally set public spending policies, while local authorities would be allowed to raise a certain amount of extra taxation to finance extra spending. This is neat, but it is not devolution as we would recognise it. Facing up to the economic arguments will make the politics of devolution much harder.

* *Financing Regional Government in Britain*; Laura Blow, John Hall and Stephen Smith. IFS £7.50.

Table 1: Regional income tax

	Basic rate	Higher rate
North	30.0	48.1
Yorks & Humber	27.6	44.1
E. Midlands	22.6	36.1
E. Anglia	22.0	36.9
London & SE	19.2	30.6
South West	24.2	38.5
W. Midlands	29.3	46.9
North West	27.9	44.7
Scotlnd	30.6	58.5

Excluding social security and local authority spending

Source: IFS

Table 2: Fiscal transfers

	Amounts required to finance regional spending* with uniform tax rates	Grant per capita £	% difference and average grant
North	205	15.3	
Yorks & Humber	135	8.5	
E. Midlands	47	-9.0	
East Anglia	-30	-7.3	
London & SE	-256	-29.1	
South West	11	-3.4	
W. Midlands	175	12.4	
North West	145	9.5	
Scotlnd	633	56.4	
	460	39.8	

* excluding social security and local authority spending

Source: IFS

Paying the price: A basic rate of regional income tax levied by Edinburgh or other centres could vary between 19 and 45 per cent

Foreign Exchange Rates

Sterling

Country	Spot	1 month	3 months	Spot	1 month	3 months	Spot	1 month	3 months
US	1.684	1.67	1.662	1.684	1.67	1.662	1.684	1.67	1.662
Canada	2.095	2.13	2.07	2.093	2.13	2.07	2.093	2.13	2.07
Germany	2.268	2.45	2.17	2.267	2.45	2.17	2.267	2.45	2.17
France	2.705	2.11	2.08	2.698	2.11	2.08	2.698	2.11	2.08
Italy	2.400	2.21	2.24	2.387	2.21	2.24	2.387	2.21	2.24
ESU	1.267	1.27	1.26	1.267	1.27	1.26	1.267	1.27	1.26
Denmark	1.267	1.27	1.26	1.267	1.27	1.26	1.267	1.27	1.26
Netherlands	1.270	1.34	1.27	1.269	1.34	1.27	1.269	1.34	1.27
Ireland	1.070	1.25	1.23	1.069	1.25	1.23	1.069	1.25	1.23
Norway	0.983	1.06	1.04	0.982	1.06	1.04	0.982	1.06	1.04
Spain	1.070	1.08	1.07	1.069	1.08	1.07	1.069	1.08	1.07
Austria	1.015	1.05	1.04	1.014	1.05	1.04	1.014	1.05	1.04
Portugal	1.015	1.05	1.04	1.014	1.05	1.04	1.014	1.05	1.04
Greece	0.978	1.02	1.01	0.977	1.02	1.01	0.977	1.02	1.01
Malta	0.987	1.02	1.01	0.986	1.02	1.01	0.986	1.02	1.01
Singapore	2.347	2.35	2.34	2.346	2.35	2.34	2.346	2.35	2.34
Hong Kong	1.130	1.01	1.00	1.129	1.01	1.00	1.129	1.01	1.00
Malaysia	0.3819	0.40	0.39	0.3819	0.40	0.39	0.3819	0.40	0.39
New Zealand	2.228	2.35	2.33	2.227	2.35	2.33	2.227	2.35	2.33
Saudi Arabia	0.5848	0.60	0.59	0.5848	0.60	0.59	0.5848	0.60	0.59
Argentina	0.0000	0.00	0.00	0.0000	0.00	0.00	0.0000	0.00	0.00
Uruguay	0.0000	0.00	0.00	0.0000	0.00	0.00	0.0000	0.00	0.00

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Calls cost 6p per minute (cheaper rate) 49p other times.

Bond Yields

Country

By yield %

10yr 10yr 10yr

sport

Loch riddle still baffles Francis

Forty years ago a royal horse was yards from victory in the Grand National. Then his legs gave way. The mystery has never been solved. Jon Culley reports

Given that lives are shaped by momentous events, Dick Francis had every expectation that the afternoon of 24 March 1956 would have a profound influence on him. In his mind was a glorious Grand National victory, the zenith of his career, on a horse he felt had been born for Aintree: Devon Loch.

It did change his life, but in a way like none he had foreseen. A fall could never have been ruled out, even aboard such a brilliant jumper as the Queen Mother's fine 10-year-old had proved himself to be. But not on the run-in, not 50 yards from the line with every ditch, fence and brook cleared and the last challenge beaten off. Thanks to Devon Loch's extraordinary, inexplicable belly flop, Francis's place in Aintree folklore was assured.

In the stables later, he wished Devon Loch might have been empowered, for a few seconds, with the gift of speech. Only he knew what had really happened at the moment his legs went from under him. Several theories were advanced at the time, none without flaw. Francis has since made a fortune devising horse racing mysteries for the readers of his novels to unravel, but 40 years on, the greatest of them all remains unsolved.

At Aintree this Saturday, Francis will look across the stretch of turf where Devon

sank to the ground, splayed legs seemingly frozen, and ESB went past him to snatch the prize from his grasp. In his mind, the flickering newsreel pictures will run again.

Explanations ranged from the just plausible to the downright bizarre. "There was even a suggestion that a live electric cable had been buried in the grass as part of some anti-Royalist plot," Francis said.

Others, less fancifully, debated the possibility of a heart attack, a sudden bout of cramp, or

'He didn't rear up, or try to jump; his hind-quarters simply refused to act'

most popular of all, a "phantom jump." This theory had it that, in some sort of weary disorientation, Devon Loch caught sight of the water jump in the corner of his eye and instinctively took off.

Francis, knowing his mount was still full of running, dismisses them all as rubbish. No one had seen such a fall previously; nor has there been one since. A unique occurrence for which, in the future

novelist's mind, there was, perhaps, a unique cause. There was a colossal crowd at Liverpool that afternoon and among them, for the first time, at her mother's side, a reigning sovereign about to cheer home a royal winner...

"As a result, the noise as we approached the finish was incredible," he said. "There were 250,000 people of whom it seemed 249,999 must have been shouting for Devon Loch."

"I'd experienced something like it before at Lingfield on another royal horse, M'as Tu Vu, and it startled me. There was such a commotion near the line, that I felt sure something must have been coming to beat me. I had not dared look round until I'd passed the post but when I did there was nothing within any distance."

"At Liverpool, the din was 10 times as great, like nothing I had heard before. I had an idea what to expect but I'm sure Devon Loch didn't. He pricked his ears — you can see that on the film — and I think the wave of sound just overwhelmed him. He didn't rear up, he didn't try to jump; his hind-quarters simply refused to act."

In the immediate aftermath came an eerie silence. Before the race, preoccupied with rehearsing each stride in his mind, Francis had said little. Afterwards, bewildered, he was even less inclined to talk. Now 75, he contends today that

he remembers little in vivid detail; but he does recall the "samaritan" who spared him one ordeal.

"As I walked back after the fall I could see everyone coming towards me and that was about to face an inquisition," he said. "Then an ambulance appeared. I was not hurt when the driver invited me to hop in. I accepted the offer. It was an act of kindness for which I have been eternally grateful."

The ambulance took Francis through the throng in the paddock to the first aid room, from which he could reach the weighing-room without the need to push through the crowd, a journey he was not keen to face, even though sympathetic for him and Devon Loch was almost universal.

He remembers too, the next morning. "We were staying with my brother, Douglas, at Bangor-on-Dee. We awoke to find the Press outside our masse, waiting for me..."

"I was in no mood to discuss

the race but I was told that if I made a statement they would all go away. It was a big house and they all came into the sitting room. I made my statement. One or two asked questions but I wanted none of that. And they did go away."

In time, the peculiar sense enveloping Francis passed. Indeed, within days he was racing again, at Sandown, where his first mount was a winner. Life, it seemed to him then, was simply moving on. Six months on he was united with Devon

Loch in a hurdle race at Nottingham and won, rather unexpectedly.

The following January however, he suffered a heavy fall, breaking a wrist and sustaining severe abdominal bruising, although not bad enough to suggest he might not ride again.

But then came a summons of sorts, to meet Lord Aberavon, a friend of the Queen Mother and often wife companion to her 36-year-old jockey.

"What he said," Francis said, "was that if he were in my shoes

he would get out at the top of the tree, not slide down, the seals as many did," Francis said.

Consequently, Devon Loch, stricken with tendon trouble, had run his last race in the same week as Francis's fall. After such court searching, the Queen decided his time had also come. By then, an autobiography started the previous summer was half-complete. It was to be the introduction to a second career, in effect, the running-off from a first...

Sampras in Agassi's court

Tennis

JOHN ROBERTS
reports from Key Biscayne

Pete Sampras, summarising the amount of wear and tear he experiences during the course of a year, said: "Some days you feel too sore to walk down and go to the hairdresser."

The Wimbledon champion was offering a modicum of support to his rival Andre Agassi's radical suggestion that the season should end in September, after the United States Open.

Commitment to the sport has become the subject of much debate during the Lipton Championships here, triggered by the refusal of the leading American players, Sampras, Agassi, Michael Chang and Jim Courier, to participate in the nation's defence of the Davis Cup.

While a second string, comprising Todd Martin, MaliVai Washington and the doubles team of Patrick McEnroe and Pat Galbraith, prepares to travel to

Prague next week for the tie against the Czech Republic, Sampras, the hero of the final against Russia in Moscow in December, reckons that the Davis Cup ought to be suspended during Olympic Games years and played every two years.

Agassi acknowledged that the notion of closing the whole show after the four Grand Slams was a non-starter, "because a lot of people basically are spoiled with the convenience that tennis offers them." He added: "I think the maximum you should take the year is to the ATP Tour World Championships. You can do that within six or seven months, no problem."

The bottom line is there's hundreds of players that vote. It's going to require the top 10 players to get together to put some pressure on the ATP."

A year ago, after contesting the Lipton final, Agassi and Sampras journeyed to a Davis Cup tie in Italy. In September, Agassi damaged a chest muscle during the semi-final against Sweden, which, he

says, ruined his end to the year. Sampras, the hero of the final against Russia in Moscow in December, reckons that the Davis Cup ought to be suspended during Olympic Games years and played every two years.

Courier reasoned that money would dictate that there would be tennis even if the regular season finished early. "If we end the season in October we wouldn't lose tournaments per se," he said. "There would still be exhibitions, and there could still be challenger events. But we're a partnership with the tournament directors, and they're not going to give in."

Mats Wilander and Karel Novacek have failed in their High Court appeal against the International Tennis Association's anti-drug procedures. The players will face an independent tribunal next month to answer accusations that they tested positive for cocaine during last year's French Open.

How does he reconcile that philosophy with his appearance at the \$64.05m Grand Slam Cup in Munich, directly af-

ter the Davis Cup final? "I got \$600,000 a show," said Sampras, who collected a \$500,000 bonus as the winner of Wimbledon and the US Open plus \$100,000 for playing in the first round in Munich. "That's a lot of money to turn down, basically playing an exhibition for tons of dough."

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"Of course we want to sort things out as quickly as possible, and I'm hopeful at this stage of being able to announce the appointment by the weekend."

The two favoured candidates are David Lloyd, who is on a short-term contract with Lancashire, and John Embrey, who is believed to be Illingworth's preferred option but who might be handicapped by his four-year arrangement with Northamptonshire.

The other vacancies in the England set-up are those of two elected selectors to work with Illingworth, the new coach and the captain when he is appointed. Silk said he expected to award six names to put forward by the counties.

A ballot would then be organised after Easter for the roles filled last summer by Fred Tilmus and David Graveney. Those two could yet be among the nominations again — although Graveney's name would be seen by many as an inflammatory one following his abortive challenge to Illingworth for the England chairman's job.

Other possible contenders could include Brian Bois, and John Edrich from the Illingworth camp and Mark Nicholas and Mike Gatting from the progressive wing of the game.

The TCCB are not the only ones conducting an urgent search of the cricket world. Surrey were left in the lurch when the South African all-rounder Brian McMillan pulled out of a two-year contract and are now using the knowledge of their new manager, David Gilbert, about his native Australia to find a replacement.

Gilbert, who coached the Australian development squad in England last summer, had already had talks with the Queensland paceman Andy Bichel and is likely to re-establish contact.

McMillan pulled out after discussions with the South African board.

England to name coach by weekend

Cricket

HUGH BATESON

England hope to name a new coach to work alongside (or more accurately under) Ray Illingworth by the weekend, if the contract arrangements of the desired candidate can be satisfactorily resolved.

"We are currently finding out about contract situations," Dennis Silk, the chairman of the Test and County Cricket Board said yesterday. "We have to check if counties would be prepared to release someone under contract or not. Then, we have to work out terms for what initially will be a six-month contract with.

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Walls come tumbling down at Central Park

Steve Bale looks forward to a historic rugby union game at a rugby league ground

LEICESTER

A piece of rugby union history will be created on Saturday when Orrell and Leicester, the champions, step out at Central Park — home of Wigan, giants of rugby league — for their First Division fixture. A fairly ordinary match, sixth v second, and an extraordinarily symbolic occasion.

But for Orrell, who have had what seemed a perpetual existence in Wigan's shadow, the significance will lie less in what it portends for their own future. The professionalism of rugby union, that once appeared a threat, could after all turn out to be a salvation.

"I must admit I didn't quite expect things to happen this quickly but I couldn't see any reason why we wouldn't have this coming together before long," Peter Williams, Orrell's director of rugby since January, said. "This would undoubtedly be anathema to rugby union's diehards as represented by the more volatile element among the attendance at last Sunday's Rugby Foothills Union special meeting in Birmingham, but so what? There is, too, a residual element at Edge Hall Road who would have nothing to do with their neighbours four miles away across the M6.

But in Orrell they are so used to the looming presence of the Waterside stadium with its 6pm kick-off that would enable any Wiganers who fancied the idea of watching Orrell to have the opportunity of certain Wigan players during rugby league's off-season.

Indeed Wigan are so accommodating that, in order for Orrell to play at Central Park on Saturday, they have switched their inaugural Super League fixture against Oldham to the Waterside stadium with a 6pm kick-off that would enable any Wiganers who fancied the idea of watching Orrell to have the opportunity of certain Wigan players during rugby league's off-season.

"I'm not here to make a lot of friends," Williams said. "I'm here to do a job and I'm sure I'm going to upset people but as long as I'm honest and learn by my mistakes that's as much as I can do. It's been frustrating in some respects, primarily because of what has happened with other clubs who have a lot of money and have been coming up here looking at my players....

"I'm fortunate with a young side and I can understand all this interest because there's a lot of potential here. But whether we keep them together will ultimately depend on finance." How piquant, then, that Leicester are Saturday's visitors, since they have as good a record as any club in the competition.

"I'm fortunate with a young side and I can understand all this interest because there's a lot of potential here. But whether we keep them together will ultimately depend on finance." How piquant, then,

they are hoping that player wages and their ambitious scheme for an 18,000 all-seater stadium costing £15m will be financed by TV revenue, sponsorship — and a casino they want to house in a new grandstand.

They also plan to make Gloucester's professional plans

Richard Hill, Gloucester's coaching director, has drawn up plans to spend £650,000 a year paying players and coaches at the club from next season.

The ex-Bath and England scrum-half plans to have a squad of 50 contracted players supported by an elaborate framework of coaches, talent scouts, a psychologist and a fitness expert.

Twenty-five players will be on fixed-term contracts for a minimum of two years while the rest will have renewable contracts of between three and six months.

Hill has presented his budget to club chiefs, who now have to

find ways of financing full professionalism at Kingsholm from September.

They are hoping that player wages and their ambitious scheme for an 18,000 all-seater stadium costing £15m will be financed by TV revenue, sponsorship — and a casino they want to house in a new grandstand.

They also plan to make Gloucester's professional plans

Bernard Gallacher, the former Ryder Cup captain, and his 18-year-old son Jamie were beaten on the last green in the second round of the Sunningdale Foursomes yesterday.

The Gallachers looked to be heading for victory when birdies at both the seventh and eighth

holes put them two up against Sunningdale members Ian Campbell and Mark Roberts.

But the local pair birdied the next two holes to level before the gallant hole, young Gallacher had to hole a tricky putt to keep the match alive but the ball hit the back of the hole and bounded three feet past.

■ Germany's Bernhard Langer

has withdrawn from the £1m

Players' Championship, which starts in Florida today, because of a shoulder injury.

WHERE ARE THEY NOW?



Stick for Association

Hockey

BILL COLWELL

Barbara Hambly, the former England and Great Britain captain, has criticised the All England Women's Hockey Association following their decision not to allow Oulton to start their AEWA Cup quarter-final match against Ipswich on Sunday at 4pm. This would have enabled the four Oulton players who are representing the England Under 16-18 squads against Wales earlier in the day at Milton Keynes to play in the match.

Hambly said that the club were considering withdrawing from the competition but that would almost certainly result in a ban from next year's competition.

The solution would appear to be for her to start at 4pm, with Oulton agreeing to pay the £2,500 fine which would be incurred by Ipswich, the home team, for not meeting the results deadline.

sport

What Clough and Stein knew from long experience was that given half a chance many footballers will take liberties

Central to Brian Clough's success in management was the wise understanding that footballers cannot always be trusted to put in a maximum effort. Play all the angles before they start playing you, was the root of Clough's philosophy.

This meant keeping his men in a state of nervousness, clamping down hard on their egos and delivering timely reminders that they would be nothing without him.

A good story about Clough concerns the conversation he once had with an unsettled international when in charge at Nottingham Forest. Pointing out a clause in the player's contract, Clough said sarcastically, "If you were taught to read, it

should be clear that you're here for another two years. Now sod off."

Something similar occurred when the great Celtic manager, Jock Stein, was required to deal with a transfer request from the Scottish international full-back, Tommy Gemmill, that was clearly an attempt to secure better terms of employment. On the telephone to his chairman, Stein said, "Player Gemmill wants a move. I recommend it." Replacing the receiver, Stein spoke curiously to Gemmill. "Transfer granted," he said.

What Clough and Stein knew from long experience and always guarded against, was that given half a chance many footballers will take liberties.

Nobody should run away with the idea that a sure way of getting professionals in team games to act at or near their peak is to surround them with skill and good coaches and a good organisation that will pay them well for their trouble. If so, why do coaches feel it necessary to try every device imaginable, and some unimaginable, to stoke hotter and hotter fires in their players, believing that the only means of getting a proper intensity of performance is to bang a drum loudly and constantly.

A truth about professional team sport, football especially, is that managers, in the main, are dealing with people who are naturally unreliable. What the public fail consistently to

observe, commentators and correspondents too, is that disappointments can result as much from shortcomings in the attitude of players as errors in selection and strategy.

Last Sunday's Coca-Cola Cup final between Aston Villa and Leeds United at Wembley provided a good example. Whatever mistakes the Leeds manager, Howard Wilkinson, may have made in preparation, it was pretty obvious that a number of his players did not commit themselves fully. Wilkinson took the abuse from disgruntled Leeds supporters but as Carlton Palmer said about some of his team-mates, "Their lack of effort in a game as big as that was nothing short of disgraceful. I did not play well. But at least I competed. If you can come off and say that, fine. But I do not think there were many who could."

Sir Alf Ramsey's famous assertion that managers get too much credit and too much of the blame is lost on today's audience and is all too seldom considered by newspapers, radio and television. Thus, when Kevin Keegan questioned publicly the attitude shown by some of his players during last week's loss at Arsenal, it was seen as evidence of stress rather than valid criticism.

The irritating fashion of holding managers entirely accountable springs, I think, from the fawning attention now given to players of even moderate ability and gaps in the education of today's audience. Cricket comes into it too. Before Raymond Illingworth resigned this

week as manager of England it was clear that he felt let down by certain members of the team.

Character, courage and similar qualities are shorthand for relentless determination, for being a tough competitor. Few character awards could be bestowed on England's cricketers in the recent World Cup or on the footballers who represented Leeds at Wembley.

Many team players today are so occupied by their small piece of the action, and so preoccupied with themselves and their futures, that they really have no conception of personal responsibility. How many feel the need to ask questions of themselves in a mirror?

SUPER LEAGUE: £87m new age of rugby league promises changes on the field as well as off it. **Dave Hadfield** looks ahead

Revolution threatens old guard

The posturing and politicking, mercifully and probably only temporarily, is over. The playing of Super League begins this weekend. Almost a year to the day from the historic decision to restructure the game in return for an eventual £87m from Rupert Murdoch's News Corporation, we will start to see whether it works.

Some of the changes that the revolution has ushered in were overdue. Clubs have long needed to operate more professionally and players should have had their workload reduced to one match per week years ago.

On other innovations, such as the switch to a summer season, the jury is not only still out, but deeply split. Too many clubs see it as an automatic answer to all the problems they have allowed to accumulate, so their enthusiasm must, in many cases, be taken with a large pinch of salt.

More convincing is the fact that most players are all for it. All right, many of them have been handsomely paid to make the right noises, but there is a genuine feeling of anticipation, of looking forward to playing once a week, in decent conditions. They are, after all, the ones who will have to make it work.

That means that the standard of the competition, especially in the 12-team top division that carries the Super League logo, will be scrutinised as never before.

It is all very well to hang the drum about how great it is going to be. It is the players - largely the same ones that the public would not turn out to watch in sufficient numbers in the winter - who must deliver. Setting aside all qualms about the methods and motivations behind it all, is it possible for these men at the cutting edge to make it all make sense.

It could even be argued that Super League has been fortunate in its timing. The most dominant side the code has seen, the Wigan team that has almost monopolised domestic honours for almost a decade, is showing signs of strain. It has

ways been something of a myth that everything at Wigan was so slick and professional. They certainly have been on the pitch; not always off it.

They have potentially ruinous problems in their financial and administrative affairs and are not looking too impressive in playing terms either. They were so poor in a friendly at Salford - their conquerors in the Challenge Cup two months ago - last weekend that their coach, Graeme West, has had to warn that heads, and senior heads at that, will roll. Very unWigan.

So the opportunity is there for another club to, at the very least, mount a serious challenge. The two teams best equipped to do that are the two Wembley finalists, St Helens and the Bradford Bulls, not just because they have shown their mettle on the way to the Challenge Cup final, but because both clubs are in the process of changing their culture.

At Bradford, that has meant getting rid of the over-reliance on "old heads". At Saints, it means losing the old conviction that flair on its own is enough, even though the evidence of the past 20 years is that it is not.

Brian Smith, at the Bulls, and Saints' Shaun McRae are making rapid progress, but the success they have achieved this season could get in the way. It will be fascinating to see how both sides cope with having their first five Super League matches before Wembley.

This is new territory. Under



On target: Castleford's Franco Botica rehearses for this weekend's Super League kick-off

Photograph: Simon Wilkinson

the old structure, sides' league fortunes were already largely determined by Cup final time, and there was an inevitable tendency for minds to wander. Now they are going to have to develop split personalities, concentrating on their main

business in Super League while also preparing for 27 April.

For a dark horse, look no further than Sheffield Eagles. During an inspired run in the second half of the last winter season, they beat every other team apart from Wigan. They

now have a depth in their squad that enables them to leave out fully fit players who would have been automatic choices on one leg not too long ago.

A real fight at the top of the table involving these clubs and possibly others - Leeds, if they

can sort themselves out, perhaps - will do more to sell Super League to the broader public it must attract than any amount of packaging. That is not to say that the packaging is not important. Clubs are promising a full afternoon, or evening, of entertainment, and if they make a mess of it there will be no shortage of critics to mock the hopelessness of it all.

On the field, the packaging must not be allowed to obscure the qualities that the product already has. In the rush to speed and hype it up for a new audience, the game must not lose sight of the virtues that make it worthwhile in the first place.

There is a danger, in the direction that new rules and new presentation techniques are taking it, of reducing rugby league to fast food, when what people really want is substantial fare.

TEAM-BY-TEAM GUIDE			
BRADFORD BULLS			
The Bradford Bulls are the most successful club in Super League history, having won the title seven times. They should be favourites to win again, but may be tested by St Helens and the Wigan Warriors.			
CASTLEFORD TIGERS			
Castleford are the most improved club in Super League this season, and have won the title twice since 1991. They will be looking to add to their tally this weekend.			
LEEDS BRONCOS			
Leeds are the most successful club in Super League history, having won the title eight times. They should be favourites to win again, but may be tested by St Helens and the Wigan Warriors.			
LIVERPOOL STORM			
Liverpool are the most improved club in Super League this season, and have won the title twice since 1991. They will be looking to add to their tally this weekend.			
ST HELENS			
St Helens are the most successful club in Super League history, having won the title eight times. They should be favourites to win again, but may be tested by Castleford and the Bradford Bulls.			
STOKE CITY STORM			
Stoke City are the most improved club in Super League this season, and have won the title twice since 1991. They will be looking to add to their tally this weekend.			
WIGAN WARRIORS			
Wigan are the most successful club in Super League history, having won the title eight times. They should be favourites to win again, but may be tested by Castleford and the Bradford Bulls.			
WORCESTER WOLVES			
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WREXHAM			
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WYKESTON TOWN			
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Hizbollah suicide bomber kills Israeli officer

ROBERT FISK

Beirut
PATRICK COCKBURN
Jerusalem

The danger of an Israeli assault on southern Lebanon increased dramatically last night after a lone Hizbollah suicide bomber attacked Israeli occupation troops in the south of the country, killing an officer and wounding seven other soldiers.

The attack – in which the Hizbollah man walked up to an Israeli motorcade in the village of Taibe and detonated explo-

sives strapped to his waist – came only hours after the US ambassador to Israel urged the Prime Minister, Shimon Peres, not to strike into Lebanon.

According to Israeli press reports, Marin Indyk, the US ambassador, telephoned Mr Peres and asked for restraint while America asked the Syrian president Hafez al-Assad to restrain Hizbollah. Syria reportedly promised to calm the occupied area, while denying that it controlled Hizbollah actions.

One report from Taibe last night said that Major General

Amiram Levin, the Israeli army's northern commander, may have been wounded in the ambush, although there was no confirmation of this from Israel. The officers were driving in four cars – two military and two civilian – when the Hizbollah man struck. In retaliation, Israeli howitzers, artillery, tanks and helicopters gunships shelled Lebanese villages north of the occupied area.

In Beirut, a Hizbollah spokesman made it clear that the assault had been in revenge for the "anti-terrorist" summit in

Egypt last week at which Mr Peres blamed Iran for the Hamas suicide bombings which killed 58 civilians in Israel.

In response to the Sharm el-Sheikh summit and to those who sleep on the doorsteps of the White House, – an apparent reference to the PLO leader Yasser Arafat – a mujahid [holy fighter] attacked an enemy convoy today," the spokesman said over the Hizbollah's Voice of the Oppressed radio station.

While Iran has repeatedly said that it does not condone attacks on civilians, it has made

no secret of its financial support for the Hizbollah.

Rafiq Hariri, the Lebanese prime minister, had pleaded only a day before the suicide attack for Lebanon to be spared any Israeli reprisals for the Hamas bombings, condemning bellicose statements against Israel emerging from the Palestinian refugee camps as "unacceptable". At one point, he mentioned a television videotape of Palestinian children supposedly training in Sidon to be "human bombs" in preparation for suicide attacks.

"We oppose such childish actions and denounce this kind of behaviour," Mr Hariri said. "Palestinians are visitors [sic] here and they should behave accordingly... In future, we will respond with measures that protect Lebanon's interests."

The fact is, however, that the Hizbollah are a Lebanese guerrilla group, supported – if sometimes half-heartedly – by the Lebanese authorities and assisted by the Syrians, whose 20,000 troops in Lebanon symbolise the control that Damascus exercises over the country.

At the same time Mr Peres, who faces an election on 29 May, does not want to appear weak in the face of continuing Israeli casualties in Lebanon.

The guerrillas recently changed their tactics, according to Israeli sources. They say that Hizbollah started operating two or three well-trained companies inside the Israeli-controlled zone operating close to the Israeli border. He admitted that he had not authorised a strike last week because 61 wounded almost 30 Israeli soldiers in three weeks.

As Afghanistan's conflict goes on, a young boy becomes its latest victim. Tim McGirk reports



Tears of rage: Ghulam Sadiq, 12, who stepped on a mine while collecting wood, lies in hospital in Kabul attended by his distraught mother, Asifa

Photograph: Tom Pilston

Crippling legacy of interminable civil war

Kabul – Ghulam Sadiq, 12, had gone without even a piece of naanbread for a day and a half when he left his mud-walled home in the cliffs above Kabul and went in search of firewood for his family.

Running along the sewage-filled ravine, Ghulam passed the cemetery, where many of his neighbours and relatives lie buried, killed by stray rockets during Afghanistan's interminable civil war. Silver tinsel wreathed their muddy, fresh graves.

Further down the hillside, friends of Ghulam who were carrying buckets of water from the well watched him amble across the stone bridge ("Built by the English," Afghans say proudly). There, on the opposite bank of the Kabul river, beside the zoo where most of the animals have died of hunger or been eaten by the ragged mujahedin fighters, stood several gaunt trees claimed by shellfire. It was there that Ghulam sought to find some branches that would bring a few minutes of warmth for his family.

But the boy stepped on a buried mine. It was not a big mine, not big enough to kill him outright. Instead, the mine blew off Ghulam's foot just below the shin, and it sprayed shrapnel up

his chest and into his head, blinding him in one eye.

The thudding boom of a mine exploding is a sound that everybody in Kabul knows and dreads. Foreign sappers have discovered 52 landmines in and around Kabul. Every changing tide of battle between the rival mujahedin factions has left another minefield in its ebb. After one big skirmish a year ago, in which President Burhanuddin Rabbani's government

carrying the injured boy to hospital, the taxi driver demanded 20,000 Afghanis (£3), or three-quarters of his militiaman's monthly wages. Said paid up.

The hospital had no blood for Ghulam. With so many daily casualties, coupled with an Afghan superstition that giving blood saps a man's strength and virility, few Kabul hospitals have enough blood stocks for even routine operations. "By Allah, I'll give all my blood to save

fearing donors a 140kg sack of coal.

Ghulam was moved to the India's Gandhi children's hospital. Cold as a morgue and without electricity, the hospital at least had a few bandages for the boy's severed leg and eye.

Ghulam was given painkillers and put in an unlit room with other injured children. His voice was hardly a whisper, like the hissing of a punctured tyre in the darkness. "Please turn me over.

At this children's hospital in Kabul, they said it was an easy day. Only one mine injury. Usually, rockets are falling on the city or battles are fought by rival militias, and this one child's misery in Kabul is magnified a hundred times.

Donning a turquoise burqa like a sheet that hid her face and entire body, Asifa hastened to the hospital. She wept under her burqa. "He'd had no lunch and dinner since yesterday, and when I offered him some bread this morning, he said, 'No thanks, Mummy, I'm full.' I tried to get him to take one kiss from his brother, but Ghulam just went rushing off."

At her son's bedside, Asifa lifted aside her burqa and caressed and soothed her son. After she saw to it that he was taken to a room with a few rays of pale winter sunlight, she drew the burqa back over herself and, cocooned in her grief, she slumped down in the hospital corridor like a pile of dirty laundry. "Somebody here in the hospital has stolen his money," Asifa cried out to nobody in particular. "He had 7,000 Afghanis [about £75] this morning, and now there's only 1,000 left."

The mine blew off his foot, and sprayed shrapnel up his chest and into his head, blinding him in one eye

forces chased out a rebel faction in the southern flatlands of Kabul, more than 500 people who returned to the neighbourhood stepped on mines. Nearly all were civilians. Most were women and children.

The explosion brought a militia commander, Said Mahmud, running over to the howling, bleeding boy. Plenty of children die from mines in Kabul, but this commander, a strapping man in his twenties with a beard, decided it wasn't going to happen to Ghulam. The militiaman picked up Ghulam and carried him out into the road where he hopped a taxi. For

this boy," Commander Said told the doctors. They proceeded to drain 700ml from Said, nearly twice the amount usually taken from donors.

It was a rare opportunity to get blood for the hospital staff; until an injured person's relatives arrive to give their blood, nurses make do by taking donations from a few beggars sprawled on the hospital steps like sleeping dogs. "Their blood is as weak as tea," one nurse complained about the beggars. "They have no money for food."

One French relief agency, ACTED, is trying to break the taboo on blood-giving by offering

it burs so much. I'm going to die," Ghulam wheezed.

An orderly in a dirty smock bent over Ghulam. "Tell us where you live, we'll fetch your parents," he insisted. Ghulam winced. "I'm not going to say where they are until you turn me over. Please." The boy begged deliriously. The hospital had run out of antibiotics, so a contribution was taken up and somebody dispatched to a chemist for penicillin. The boy was not only torn by shrapnel but also by dirt and stones blasted deep into his wounds.

Back in the boy's neighbourhood, word had spread fast that Ghulam had stepped on a mine. Someone at the well had raced up to tell his mother, Asifa. Shocked, she sat by the door, fearing the worst. Ghulam was the family's second casualty. Another son had been injured in a mortar attack on Kabul, a barrage so intense the family had been forced to flee their home.

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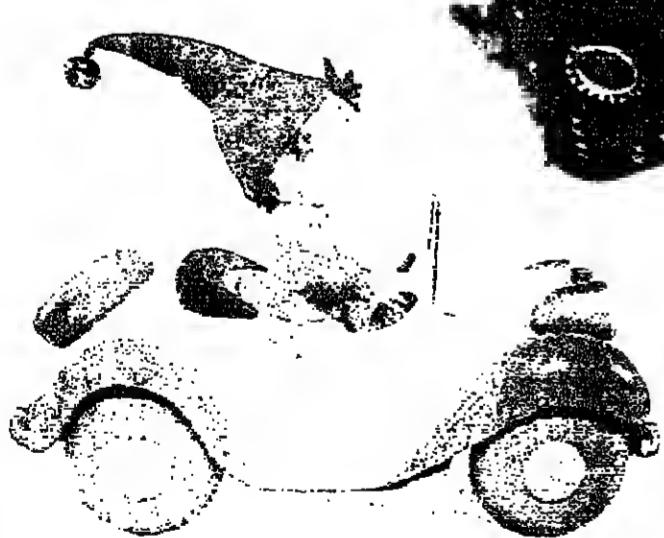
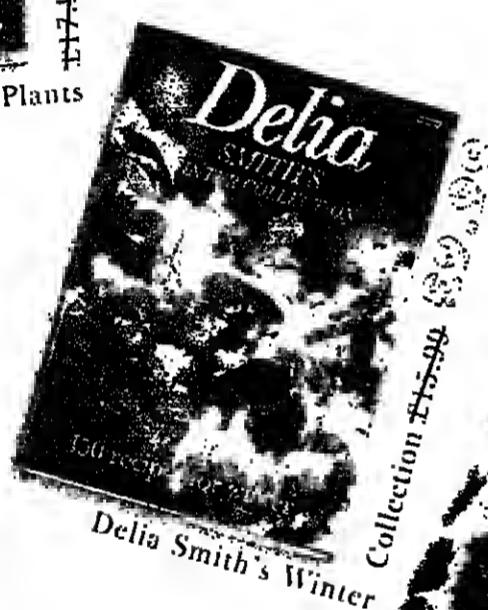
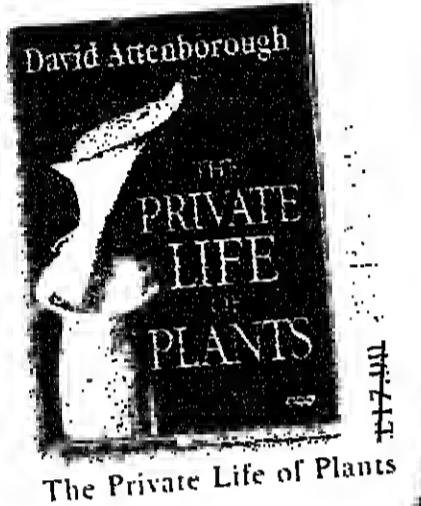


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THE INDEPENDENT

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Carving up the consumer

Suddenly and without apology the tone changes. The macho assertiveness that ministers have made their stock in trade gives way to clumsy hesitation and vague admission.

Let us make no mistake. What came out yesterday in ministers' statements, albeit smeared with political varnish and hedged with scientific modesty by the Chief Medical Officer, was official acknowledgement of a possible link between BSE, mad cow disease, and the degenerative disorder called Creutzfeldt-Jakob disease. Worse than that, by ordering further measures to make beef safer, the Government is admitting it is still worried by the incidence of BSE in British beef. The only conclusion a sensible consumer, parent or school cook can reach is that despite improvements in safety, there is still a risk that you can contract CJD by eating British beef products.

The consequences for the industries producing beef and milk, farmers and their land, abattoirs and retailers are difficult to underestimate. The political fallout for the Government are dire. This admission comes after a parade of brazen attempts to laugh off consumer fears.

Remember the celebrated hamburger stuffed into a young Gummer mouth; that parrot repetition about the safety of British beef production; that off-hand putting down of all those - scientists, consumer advocates, German importers, members of the public - who voiced their misgivings?

The Cabinet must start to behave like a modern government. This does not mean ignoring the uncertainties of the science or ignoring the consequences for jobs in the food industry. But it must mean governing in the common interest. For too long this government, and the Ministry of Agriculture in particular, has been ruling in the interests of beef producers when the interests of consumers should have been paramount. Consumers need to rely upon government regulation to make sure food is safe. The case is becoming insurmountable for a system of consumer regulation of food safety separate from the Ministry of Agriculture. This fiasco will cast a shadow over the Government's entire approach to food safety. If it can get it this wrong on beef, how many other

food safety problems is it willing to downplay for the sake of the food producers?

It is also time to stop doing what Stephen Dorrell did yesterday, hiding behind cow references to what the Chief Medical Officer might feed to his grandchildren. The public does not need only reassurance; it also needs clarity and honesty. There is hardly a department of government that should not be thinking about contingencies, for everything from international trade to alternative use for land now used for beef production. The impact will be felt throughout agriculture; if that land is used for cereal production, cereal prices will fall.

That would require the Government to start leading public opinion by informing it rather than being driven by public outcry into making a reluctant admission of what many have feared for so long. The Government has to say, out loud and in simple language; there are now too many strands of circumstantial evidence for it to ignore. British beef - or at least the huge range of consumer products based on beef products - are not reliable foodstuffs.

Hearing that from ministers, the public knows what to do - stop eating the stuff, stop buying the jellies and the Cornish pasties made from beef extracts for the time being. The food and livestock industries will have to live with the results - other industries have undergone major trauma without government aid and come out stronger and so this one might, once farmers put their stocks in order and the beef industry starts meeting its responsibilities to its consumers.

This is no recipe for panic. The incidence of BSE has declined in recent years. The industry has begun, albeit it slowly, to respond. Yet we know next to nothing about what an infectious dose might be nor, yet, whether brain, spinal cord and non-muscle tissue are the only culprits. In the circumstances, it is going to be hard to argue that schools and hospitals should not become ultra-cautious about what meat to serve. The beef industry will be most damaged by yesterday's announcements, but just as damaged will be confidence in a system of government that has again been exposed as arrogant and complacent.

Major's class act

It takes a lot of nerve for a Conservative Party leader to make class an election issue, but that is exactly what Mr Major did yesterday. That he enjoys painting himself as the lad who fought his way up from Brixton we already know. What is new and potentially potent in his attack on Mr Blair is his tarring of the smart, young professional Labour leadership as effete, chattering classes who are all too ready to whisk their kids off to posh schools leaving you, the ordinary voter, exactly where you were. Mr Major's claim is that he is an honest, ordinary sort of bloke you can trust: Mr Blair, public-school-educated, remember, is one of the snooty, metropolitan middle classes who looks down on ordinary folk.

That will only work up to a point, though. Mr Major is undoubtedly right to attempt to identify the Conservatives once again with working- and lower-middle-class aspiration. He is also right to do that through education rather than property ownership. Education is the ticket to jobs, higher wages, prosperity and security. Ambitious parents from all walks of life are deeply concerned about the quality of education.

But a return to a system of selection

that would divide pupils between schools is not the answer. Some will benefit. The vast majority of children and parents will not. Over-subscribed schools will be able to choose the easiest pupils to teach, enhancing the reputation of the school and increasing the number of disappointed parents who cannot get their child into the school of their choice. Separating children of different abilities into different schools will raise the very British danger of stigmatisation. The 80 per cent of children educated in secondary modern schools were branded failures at the age of 11.

Mr Major will have a lot to do to persuade the parents of less able children that exclusion from the top academic schools will not doom them to a second- or third-class education. The dilemma of how to combine parental choice with selection and yet high-quality education for all our children is not exclusive to Labour: the Tories have not found a solution either.

So beware Mr Major. If you go too far down the path of selection in an attempt to expose new Labour hypocrisy you may find yourself the legitimate target of accusations that you want to turn the clock back to the bad-old Fifties.

A doctor's advice on questions of sport

Today I am glad to welcome Dr Zeus Cordwainer, the controversial sports psychologist, to answer all your questions on sport and sports behaviour.

Could you please explain the function of a sport psychologist?

Dr Cordwainer writes: Surely, it is our function to advise, to motivate and to run on the pitch with the trainer?

Pardon?

Dr Cordwainer writes: You must have noticed these days that when a man is injured on the playing-field, very often two people come on to deal with the player. One is the physio, with the spray-on painkiller - and the other is the sports psychologist - of what the players call the psycho.

What does he do?

Dr Cordwainer writes: I whisper little things in his ear.

Like what?

Dr Cordwainer writes: Well, take last Saturday's rugby match, England v Ireland, for instance. When Will Carling twisted his ankle, the real reason he had a twisted ankle ...

Hold on! The real reason he had a twisted ankle was that he fell on a patch of soft turf?

Dr Cordwainer writes: No, my friend. If that were so, many more players would have had twisted



MILES KINGTON

gather from the press that he was a little overwhelmed.

Dr Cordwainer writes: You may have read the British press, but you should have read what they said in the American papers, Michael Wilson in the *Washington Post*, for example, wrote: "Bruno's performance was as fraudulent, pathetic, and disgusting as anything the heavyweight division has seen short of taking an out-and-out dive ... He was terrified. His strategy was to throw a patsy little punch like a kid in a schoolyard brawl, then cover up ... If he was that scared of the man, he shouldn't have gotten in the ring."

God, that's bad. I wonder why Bruno was like that?

Dr Cordwainer writes: Because I advised him to.

Dr Cordwainer writes: To get the fight over with sooner and avoid unnecessary punishment.

Is that always your advice?

Dr Cordwainer writes: To British teams and competitors, yes.

So, who else have you been advising recently?

Dr Cordwainer writes: Well, the English cricket team against Sri Lanka, Nottingham Forest against Bayern Munich ...

I am beginning to understand ...

Do you think Frank Bruno would have benefited from your help?

Dr Cordwainer writes: Ah, but he did! I was there for the fight! I flew out straight from Twickenham to Las Vegas to advise Frank.

Dr Cordwainer writes: No, my friend. If that were so, many more

players would have had twisted

ankles. No, the real reason he twisted his ankle and only Will Carling, not anybody else, twisted his ankle, was that he was afraid to shake hands with a member of the Royal Family afterwards.

Why?

Dr Cordwainer writes: Oh, for various reasons. Anyway, I went on the pitch and whispered a few words in his ear.

It didn't work, did it? I mean, he was stretched off, wasn't he?

Dr Cordwainer writes: That was my advice, actually. "Why don't you get carried off and let someone better take over?" And he took it.

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I am beginning to understand ...

Do YOU need help trying to give up sport? Just get in touch with Dr Cordwainer!



LETTERS TO THE EDITOR

Science should glory in its limitations

Sir: Thank you for your coverage of the Dunblane slaughter, which has been helpful. I write with a plea on behalf of physical science, in the light of what Peter Atkins wrote (15 March).

Science is marvellous, not least because it is done by real and fallible souls. But to pretend it can tell us how we relate to evil, anguish and God will make good people hate it. For such truths we must look elsewhere, as Andrew Marr clearly perceives, and a good scientist, like a good plumber or banker, will say so.

Professor the Rev S G HALL

Eile, Fif.

Sir: In his article introducing *Science Week* (18 March) Tom Wilkins tells us that the importance of trying to understand science for the non-specialist is "simply that science provides a profoundly insightful way of looking at and making sense of the world in which we live". Surely, the societies in which we live may be viable? And what, perhaps above all, of Jung described as being autochthonous - man's sense of the religious?

Perhaps the value of so much of the truly marvelous discoveries of modern science, in its own field, lies in the fact that we become aware of the inability of the scientific disciplines to help us in solving our profoundest questions, which concern the nature of Man, and his destiny.

JOHN DANSEN

Penarth, South Glamorgan

Funding available for GM schools

Sir: Your correspondent David Smyth (Letters, 15 March) asserts "that there will be no capital bid this year as the Funding Agency for Schools is broke".

Mr Smyth is misinformed. The Funding Agency for Schools administers an annual budget of around £1.6bn, providing funding to the 1,100 grant-maintained schools in the country. A capital allocation of £138m has been granted to the Agency for the financial year 1995-97 from which the agency has increased by 10 per cent the formula-based capital grant which all GM schools receive, and doubled the amount of money available through a new scheme offering part-funding to complement funds raised by schools themselves.

Post letters to Letters to the Editor, and include a daytime telephone number. (Fax: 0171-293 2056; e-mail: letters@independent.co.uk). Letters may be edited for length and clarity.

How to stop China invading

Sir: There are easier ways for the US to "Keep China in check" (leading article, 13 March) than sending a carrier group through the Taiwan straits - for example a little pressure on President Lee to dissuade him from pushing the cause of Taiwan's sovereignty.

GM schools have been fully informed of all these facts. It is difficult to understand how they can be construed as the consequences of being "broke".

ROGER WITTS

Head of Communications

Funding Agency for Schools

York

NEVILLE MAXWELL

Oxford

Neville Maxwell

□ Bill that gives a licence to squander □ Needs must when the electoral devil drives □ No style in the Harvey Nichols stake sale

□ CARPETBAGGERS need not worry too much. Their £100 qualifying stakes in the nation's building societies are safe-ish. New powers proposed by the Treasury could encourage societies to run headlong into new riskier ventures, once again.

Witness the enormous losses made in estate agencies by the very institutions who thought they understood the housing market. Nationwide, Abbey National and many others could not wait to get their hands on the high street sites, for sale signs and the additional mortgage business they assumed would follow. Even before they could legally own estate agents, under the 1986 Building Societies Act, societies were doing deals to buy them fearful that if they waited until the following year they would lose the best ones.

Goodwill was at a premium and the estate agents knew how to market their one asset. Building societies are still paying the cost: Only yesterday Alliance & Leicester wrote off £40 million against the sale of 70 estate agents. Last week it was the turn of the Woolwich to take a hit on estate agencies bought from Prudential, at what was then thought to be the bottom of the market. Before that it was Bristol

& West, while the good old Nationwide wedged its mutuality, and Abbey National, which bought while a society and sold, taking an enormous hit, as a bank, were neck and neck in the who-lost-most stakes.

Now, as the societies try to reduce the number of people they have to pay a bonus to when they convert, they are to be given new powers to squander the money given to them to safeguard.

The draft Bill published yesterday will enable societies to operate general insurance companies and to feel the pain at first hand of subsidence claims and spiralling burglaries; to lend to landlords and make business loans not secured on land or any assets at all.

The societies say they will not rush pell-mell into new businesses, but we remember too well that the limited amount of commercial lending made to builders at the height of the property boom and secured on land cost societies dearly. Alliance & Leicester, soon to leave

the ranks of the societies to become a fully fledged bank, once set the budding society record for bad debt provisions helped by unwise lending to commercial builders.

Mutuality for the next millennium — the Treasury's phrase, not ours — is unlikely to be much safer.

Yes, savers will have to hold accounts for two years to qualify for cash bonuses, reducing the number getting payouts. But, as the banks are reporting billions of pounds of profits and the insurance companies are at that point in the cycle when all is looking rosy, the societies will undoubtedly want some of the action. Therein lies the danger.

Public sector tax cut requirement

□ THERE are two racing certainties on the economic card. One is that France will qualify for EMU. The other is that Britain's finances will be judged

well missed. But one year rarely mirrors the previous one.

Beyond such temporary excitement, the finances still do not look as healthy as the Chancellor would like. VAT revenue and social security contributions are flat, though VAT ticked up in February and some other revenue streams are buoyant. Some nifty fringe sales are boosting privatisation proceeds and sales of railway assets flatter the cash performance of public

at the flag end of the financial year, state finances are open to so much seasonal distortion that interest centres mainly on whether the latest forecast will be met. Even when Budgets were laid in March, this was unusual. Last year, there was a £10 billion deficit in March as departments spent up to budget. If that happens this time, the £29 billion public sector borrowing requirement forecast for 1995-96 will be

To reach his goals for 1996-97, the Chancellor still needs the economy to grow faster, as fast as his Budget forecast. The longer it takes to accelerate towards that 3 per cent, the more canny Ken will need to press steady Eddie to cut interest rates.

Few textbooks recommend

conducting a loose monetary policy in order to make your fiscal stance look more prudent. But needs must when the electoral devil drives. As one less than idealistic analyst noted, Mr Clarke could even raise his 1996-

97 PSBR forecast and then cut taxes on the grounds that this showed the economy was weak and needed a stimulus. At least that would absolve the Cabinet from the need to choose whether sterling should join EMU.

Absolutely Fabulous

□ WHAT a splendid flotation advertising campaign it would have made! The Princess of Wales in search of retail therapy at the ground floor MAC cosmetics counter, *Ab Fab's* Patsy, on the first, slipping into a slinky little something from Moschino couture, while, on the fifth, her friend Edina pigged out on a snack from International Foods.

Sadly, it was not to be. A 49.9 per cent stake in Harvey Nichols, the Knightsbridge style temple, will be quietly sold to institutions. Perhaps Morgan Stanley, the advisers to the sale have learnt from the example of the House of Fraser sale, launched in March

1994. This was promoted to the investing public in a TV eulogy, silkily voiced over by Selina Scott. Priced at £80p, the shares subsequently slumped to 127p. They have only recently recovered their poise.

Seeing this frumpy performance, Harvey Nick's label-loving clientele will feel less sad that they have been deprived of another status purchase, shares in their favourite store. Their cheque books can stay in their £400 Bottega Veneta bags, allowing them to run up higher balances on their silver grey H&M store cards.

Morgan Stanley was yesterday as tighlipped as a Palace spokesman about the way in which the flotation money will be spent. But it seems that some will be used to spread the Harvey Nichols logo beyond its Knightsbridge homeland. The store's name is now as well known for dining, as for fashion. Dickson Concepts, the store's owner, is already opening a Harvey Nichols in Leeds, the North's answer to SW3.

Harrods is a name they say around Harvey Nichols only with a sniff ("all those terrible tourists in anoraks, darling"). But its smaller rival obviously aspires to the same brand recognition.

Doulton sales defy trading difficulties

ROYAL DOULTON, the fine china and giftware maker, achieved a 20.7 per cent rise in profits last year in spite of difficult trading conditions that held back sales growth (Sarah Bagnall writes).

Pre-tax profits rose to £15.2 million from £12.6 million in the year ending December 31. The advance was achieved on the back of a 6.7 per cent rise in sales to £242.8 million. The news lifted the shares 5½p to 280p.

The final dividend of 6.5p makes a total for the year of 8.5p, up 13.2 per cent from last time. The dividend, due June 7, is being paid out of earnings of 20.4p a share, up from 18.4p last time. Adjusting for the effects of a £1.4 million write-back on advance corporation tax relating to the demerger, earnings rose from 15.4p to 17.8p.

Pearson admits loss on computer games

BY ERIC REGULY

PEARSON, the media and entertainment group that owns the *Financial Times* and *Tussauds*, admitted yesterday that Mindscape of America, one of its biggest acquisitions in recent years, has proved a disappointing investment.

Mindscape, a software publisher that specialises in games, lost £6.9 million in 1995 against a profit of £3.5 million in the previous year, while revenues slipped about 20 per cent to £60 million. Pearson paid \$462 million for the company in 1994.

Mindscape went into loss because demand for video-games delivered on disks and cartridges, two of the company's main products, has col-

lapsed. Games on compact-disks have become the industry norm. Pearson also admitted that the quality of its games was not the best. John Moore, the new chief executive of Mindscape, said: "We were trying to do all things to all people, and we tried to slip mediocre products into the marketplace." A new strategy was being sought.

Pearson reported a pre-tax profit of £365 million in the year to December 31, up 23 per cent, on turnover of £1.83 billion, up 18 per cent. That latest figure was boosted by a capital gain of £131 million on the sale of its 9.75 per cent stake in BSkyB, the satellite broadcaster. The results were

in line with forecasts. Operating profits, however, declined by 5 per cent to £260 million and adjusted earnings per share were down 16 per cent to 28.8p, largely due to the fall in contributions from BSkyB and a £35 million increase in restructuring charges to £49 million. The charges included the closure of the East India Dock printing site for the *Financial Times* and cost-cutting measures at Westminster Press.

A final dividend of 10.175p is to be paid on June 7, making the total dividend 16.5p, up 10 per cent. The shares finished at 66.1p, up 7p.

Tempus, page 28

Buffett in the market for acquisitions

BERKSHIRE Hathaway, the US fund management group, is searching for an acquisition and could spend up to \$5 billion in cash. Warren Buffett, chairman, writes in the 1995 report: "The larger the company, the greater will be our interest." He added that Berkshire "will not engage in unfriendly takeovers".

Mr Buffett, 65, also identified a possible successor in Lou Simpson, president and chief executive officer of capital operations at Geico, a Berkshire subsidiary. Between 1980 and 1995, equities under Mr Simpson's management returned an average of 22.8 per cent annually, against 15.7 per cent for the Standard & Poor's 500.

The dividend rise comes after a 22 per cent lift in adjusted pre-tax profits to £64 million, reflecting increased income from acquisitions and rent increases on retail property.

Ron Spinney, chief executive, said there were signs of renewed tenant demand, indicating that the entire first phase of the Brent Cross extension was fully let, while rent reviews were showing increases. "Zone A rents at

Hammerson pays a bigger final

BY CARL MORTISHED

HAMMERSHON, the property group that owns the Brent Cross shopping centre, has raised the final payout to shareholders, the first dividend increase since 1989.

The company is paying a final dividend of 7.15p, up from 6.5p, which raises the total payment for 1995 to 10.65p, a 6.5 per cent increase.

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Ron Spinney, chief executive, said there were signs of renewed tenant demand, indicating that the entire first phase of the Brent Cross extension was fully let, while rent reviews were showing increases. "Zone A rents at

Brent Cross have risen £20 per sq ft in the past 18 months."

Over half of Hammerson's rental income last year came from retail property, with rents some 7 per cent below market average. The retail portfolio fell 1 per cent in value because of a softening in investment yields. Offices were up marginally.

Overall, the portfolio fell by 0.6 per cent last year to £1.78 billion, leaving Hammerson's net asset value per share up 1p at 37p from retained earnings. Hammerson is expecting to spend about £200 million in the current year on projects including the second phase of the Brent Cross extension and the purchase of the Bull Ring site in Birmingham.

Tempus, page 28

Smokers help set Bunzl profits alight

MORE low-tar smokers added to a generally prosperous 1995 for Bunzl, which makes paper and plastic products

and commands about a tenth of the world's cigarette filter market and up to 40 per cent of global specialist filter sales (Christine Buckley writes).

The 13 per cent rise in sales of specialist filters and 3 per cent profits increase to £15 million across the filters operation bolstered strong performances in other divisions.

Pre-tax profits rose 33 per cent to £40.2 million in the year to December. Anthony Haigood, chief executive, said Bunzl could spend up to £150 million on acquisitions, making gearing to about 50 per cent. Bunzl also said weaker second half economic conditions looked set to continue. The 3.8p final dividend makes 5.5p, up 16 per cent.

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MICHAEL CLARK

Wall Street recovery gives London a boost

WALL STREET'S successful attempts at repairing the damage caused by its recent correction continue to benefit London. The market was backed higher by the Dow Jones rally of the past few days, with share prices closing near their best of the day as investors wait anxiously for this week's inflation numbers also see if there is scope for a further cut in interest rates.

The FTSE 100 index opened a firmer and ticked steadily higher to finish 24.8 up at 3,609.6. But trading conditions proved jittery, with a total of 576 million shares changing hands.

Once again, takeover talk kept investors on their toes and cheered sentiment. Hopes for an imminent bid from Siebe sent shares of Unitech surging 17.5p to 485p. It followed news

that Siebe had sold its 25 per cent stake to Siebe for 500p a share or £103 million. At least it might be, the stake was worth £1.02 million.

a. Societe Generale, Strauss a Turnbull, the broker, is said to be warning Siebe it will have to pay up to 750p a share. But other brokers, like Henderson E Crosthwaite, say the eventual price is likely to be nearer 650p a share.

BAT Industries edged up 2.75p to 488p despite the decision of Liggett, a rival American tobacco producer, to settle several outstanding law suits brought by cancer victims. BAT could offer little to reassure brokers and major shareholders at a presentation in London, other than tell them it would continue to fight any claims.

The two English power generators responded positively to the news that the Government had given the Monopolies and Mergers Commission an extra two weeks to report on their bids for two regional electricity companies. National Power's bid for Southwark Electric, 2p better at 858p, has been put on hold while the MMC carries out its inquiry. So has a similar offer by PowerGen, up 1.12p at 515p, for Midlands Electricity, 2p harder at 394p.

Brokers saw the move positively and say that even if the bids are eventually blocked the power generators may choose to use their surplus cash to reward shareholders. National Power closed 9.5p up at 471p.

The banks staged a much-needed rally, having been overshadowed by threats of a



Stuart Lyons, of Royal Doulton, saw shares improve 5.1p

mortgage price war and the feeling that interest rates may have bottomed out. There were solid gains for the likes of Lloyds TSB, 13p to 307p; Abbey National, 12p to 550p; Bank of Scotland, 10p to 255p; Barclays, 18p to 713p; HSBC, 14p to 923p; National Westminster, 18p to 27p; and Royal Bank of Scotland, 13p to 35p. That old takeover

Credit Lyonnais Laing, the broker, has been taking a close look at the charts and says the insurance composites have been oversold. It has told clients there is scope for a 10 per cent improvement short term. Top of its shopping list is Commercial Union, up 8.5p to 572p, and Royal, 10p better at 356p.

favourite Standard Chartered also made headway, adding 7.5p to 610p.

City speculators are taking the view that the door remains open for BT to make a full bid for Cable and Wireless. Reports at the weekend claim BT is still anxious to acquire C&W, up 10p at 485p. Recent talks between the two broke down. BT also rose 4p to 351p.

Royal Doulton, the chinaware producer, which was floated off from Pearson, celebrated a rise in full-year pre-tax profits from £1.26 million to £1.52 million with a rise of 5.1p to 286p.

Argos, the catalogue retailer, slipped 2.1p to 638p after announcing plans to use up some of its cash surplus by paying shareholders a special 4.2p dividend, costing £127 million. It coincided with full-year figures showing pre-tax profits £24.2 million higher at £124.4 million.

The fluctuating cost of raw materials failed to dent full-year figures from Buzzi, the packaging specialist, which came in at the top end of expectations. Pre-tax profits were up a third at £106 million, with shareholders rewarded by a 16 per cent hike in the dividend. The shares rose 50p to 229p.

MAID, the on-line information provider, slipped 3p to 192p after ploughing into the red last year with a deficit of 9.2p at 232p. Pre-tax profits for the current year will fall to £1.3 million.

A 25 per cent hike in profits and news of disposals lifted Glynwood International 13p to 351p. The group says it plans to sell off some of its non-core activities.

A bumper set of full-year figures lifted Doeflex 20p to 238p. Pre-tax profits surged £1.2 million to £3 million. The group said the figures had been bolstered by a sharp drop in the price of raw materials.

GILT-EDGED: Prices ticked steadily higher, supported by firmer US Treasury bonds and German bunds. The Public Sector Borrowing Requirement held few surprises and will result in £3 billion of underfunding for the bond market.

Investors are now anxiously awaiting this week's inflation numbers and details today of the auction. The Bank of England is expected to issue a further £3 billion of the existing Treasury 7 per cent 2000 or create a new stock. Treasury 8 per cent 2001 was a tick firmer at 1025.2.

NEW YORK: Wall Street shares extended last week's rally, with high-technology and interest-sensitive issues leading the way. At midday, the Dow Jones Industrial average was up 45.6 points to

5,630.13, while the Nasdaq Composite was up 1.16 to 1,060.13.

POWERGEN: MONOPOLIES COMMISSION GIVEN MORE TIME TO CONSIDER BIDS

Source: Bloomberg

FTSE all-share index (rebased)

Share price

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The Fridge offers food for thought

Oliver Holt meets William Perry, London Monarchs' biggest attraction

The Refrigerator began his day, as refrigerators often do, with *The Big Breakfast*. Then, he moved on to Piccadilly Circus and a photo session in front of Burger King. A McDonald's sign was in the vicinity for good measure. Finally, he headed over to Planet Hollywood, another burger chain, for a press conference. A theme was beginning to emerge.

Just to assist the ones who were a bit slow in catching on, The Fridge, William Perry, the gargantuan American football player who was once more famous than Joe Montana and Deion Sanders, had brought along some helpful literature on his culinary tastes and those of Sherry Perry, his wife, to ease his introduction as this season's leading attraction for London Monarchs, the capital's World League team.

"William's favourite food to cook himself," the notes said, "is barbecue chicken [leg with thigh attached]."

The information came complete with his own recipe for barbecue sauce. Ketchup, mustard, vinegar and a "little" sugar. The inverted commas around "little" were presumably intended to convey that it was more likely to be lots.

Perry's weight — he is listed in the Monarchs' roster as "350lbs-ish" — has always been his trade mark, his gimmick. The asset that made him a multimillionaire in his halcyon days with Chicago Bears in the mid 1980s. He was a steamrollering machine then, flattening everything in his path, bulldozing his way to a touchdown in the Bears' 46-10 Super Bowl rout of New England Patriots in 1986. He and his family made a few half-hearted attempts to play down his ever-expanding girth — "My boy's not fat," Willy says Mrs. Fridge, one headline said — but the marketing temptations were too great.



Perry discusses life, food and American football during his introduction to the British media yesterday before joining London Monarchs

Then, he was worth that weight in gold. "He had endorsements for bacon, tyres, paper towels and thermal underwear," Jim Steiner, his disconcertingly svelte agent, said. "For a guy like me, it was just a case of sitting back in my chair, putting my feet up on my desk and listening as the phones just kept on ringing, people desperate to buy him up."

After he moved from the Bears to Philadelphia Eagles, though, the

phenomenon lost its appeal. The Eagles released him in 1994 and he spent last year playing basketball with his daughter, fishing, cutting grass at his home in South Carolina and "laying tile". After that, the Monarchs must have seemed like an attractive option, especially as a separate marketing deal is likely to make him the most handsomely-rewarded American football player that this country has ever had.

Even if he is well past his sell-by

date, Perry is bound to swell attendances at the Monarchs' ten World League games this season, starting with the visit of Scottish Claymores, Gavin Hastings and all, to White Hart Lane next month. Beneath that cuddly frame that makes him look like just another overweight American tourist, behind the jovial, gap-toothed grin, a football player still lurks.

"What gives me the most pleasure in the game is when I get to slap

somebody," he said yesterday. "The coach has put together a smooth football team here. You are going to see a lot of hitting. That is what I do. You cannot teach that. It's natural. What I do is pound on them, before they pound on me."

Still, there was no getting away from that food thing. Would he be eating bangers and mash or roast beef and Yorkshire pudding now that he was in England, someone asked. "Both sound good to me," he said.

Plan brings warring leagues close to compromise

BY CHRISTOPHER IRVINE

TEN days before the launch of rugby league's new spring-summer season in Great Britain and France, the warring parties in Australia are nearing a compromise that would spare the Super League international calendar and stop the sport inflicting further damage on itself.

Great Britain's tour of Australia in October and club world champion play-off matches hinge on a

reconciliation that Maurice Lindsay, the chief executive of the Rugby Football League (RFL), is attempting to bring about between the Australian Super League and the Australian Rugby League (ARL). Officials of the ARL will today consider a 16-point plan under which 311 rebel players, ably still under contract to Super League, play in the rescheduled April competition starting this week, yet remain free to take part this year in Super League international events.

Super League is prevented from starting in Australia until 2000, so

the proposals by players and coaches are seen as the best way to satisfy both parties before an appeal against the court ban. A potential stumbling block is their insistence that Adelaide Rams and Hunter Mariners, new clubs set up by Super League, compete in an expanded 22-team ARL competition.

Ken Arthurson, the ARL chairman, said that some of the proposals were unacceptable, but adopted a generally conciliatory line. "I wel-

come the approach by Super League players to rejoin the traditional premiership and thereby ensure that their clubs can field their strongest teams," he said. "This unexpected approach, while welcome, will take time to consider."

Paris Saint-Germain: the continental influence in the European version of Super League, which is unaffected by the Australian court ruling, kick off the new competition, at home to Sheffield Eagles, on Friday week.

Lindsay conceded that the situation in Australia remained difficult, but said: "The ARL would get the best players playing for all the teams in their competition and the Super League players would retain their independence to play against British clubs in a world championship and against New Zealand in the tri-series with Queensland and New South Wales."

Ken Arthurson, the ARL chairman, said that some of the proposals were unacceptable, but adopted a generally conciliatory line. "I wel-

"...in the THREE MONTHS UP TO THE END of December 1995, 1,033,668 patients

were waiting for up to 11 months, and 28,889 for between 12 and 17 months."

TAKES FROM DEPARTMENT OF HEALTH, PAPER RELEASED 12TH FEBRUARY 1996, STEPHEN DUNNELL

"Patients who cannot accept an offered admission date are said to be self-deferred and returned to the bottom of the in-patient WAITING LIST."

(SOURCE: "WAITING TIMES: HIGHLIGHTS OF THE TOP FIVE HOSPITALS WITH THE LONGEST WAIT", BY TREVOR SMITH, IN THE BRITISH MEDICAL JOURNAL, SEPT 3 1994, P58)

"THE HOSPITAL SAYS YOU CAN HAVE A BED STRAIGHT AWAY."

WHEN IT COMES TO HEALTHCARE, WE TALK SENSE.

"Waiting lists do not always arise through mismanagement of resources, they arise because resources are inadequate."

(SOURCE: "WAITING TIMES FOR RADIOTHERAPY TREATMENT: NOT ALL HOSPITALS AND CLINICS PRACTICALLY", GENERAL SURGEONS' (BUTT) COLLEGE OF RADIOLOGISTS, 8/9/95/14-8, 1994,

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Coupon is future, forecast

COCA-COLA CUP FINAL

Not on coupon: Aston Villa, Liverpool, Fulham, Wembley, Sunday.

FA PREMIERSHIP

1 Bolton v Shrewsbury

2 Chelsea v CFC

3 Everton v Wembley

4 Man Utd v Tottenham

5 Newcastle v Liverpool

6 West Ham v Man City

Not on coupon: Arsenal v

Newcastle, Southampton v

Coventry (Monday)

FIRST DIVISION

7 Birmingham v Ipswich

8 Coventry City

9 C Palace v Portsmouth

10 Huddersfield v Grimsby

11 Luton v Millwall

12 Norwich v Derby

13 Port Vale v Ipswich

14 Shrewsbury v Luton

15 Sunderland v Oldham

SCOTTISH PREMIER

16 Blackpool v Carlisle

17 Bradford v Swindon

20 Bristol v Wrexham

21 Burnley v Chesterfield

22 Coventry v Bury

23 Hull v Walsall

24 Oxford v Bury

25 Peterborough v Wigan

26 Shrewsbury v Brum

27 Stockport v Brighton

28 Swindon v Chesterfield

29 Walsall v Northampton

30 Wrexham v Bradford

31 Cambridge v Mansfield

32 Cardiff v Preston

33 Colchester v Bury

34 Exeter v Plymouth

35 Gillingham v Leyton

36 Hartlepool v Chesterfield

38 Lincoln v Doncaster

39 Northampton v Chester

40 Rochdale v Wigan

41 Scunthorpe v Oldham

SECOND DIVISION

42 Aldershot v Birmingam

43 Barnet v Chesterfield

44 Bromley v Roth

45 Motherwell v Celtic

46 Rangers v Fa

SCOTTISH FIRST

47 Dunfermline v St Mirren

48 Dundee U v Clyde

49 Dunfermline v St Mirren

50 Dundee v Dundee

51 Hamilton v Dundee

SCOTTISH SECOND

52 Ayr v Dundee

53 Clyde v Morton

54 East Fife v Stenhouse

55 Fife v South Fife

56 St Mirn v Dundee

SCOTTISH THIRD

57 Ayrton v Ross

58 Alloa v Livingston

59 Cliftonville v Coleraine

60 Glentoran v Ards

61 Linfield v East Fife

62 Partick Thistle v Dundee

63 Queen's Park v Queen's Park

64 Ross County v Partick Thistle

65 St Mirn v Queen's Park

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business

BET piles pressure on Rentokil's bid

RUSSELL HOTTEN

The chances of Rentokil having to increase its £1.9m bid for rival business group BET rose yesterday as the target company's shares continued to edge ahead on the back of a profits forecast.

In its second defence document, BET said it expected a 28 per cent jump in pre-tax profits this year to no less than £1.42m, a forecast that was slightly above City expectations.

The forecast, which included a 10 per cent rise in turnover to £1.94bn, was described by BET as evidence that the company was being turned around.

Before the bid was launched on 16 February, stockbrokers UBS forecast profits of £1.35m while Greig Middleton had pencilled in £1.38m. BET shares rose 5p to 20.5p yesterday, taking the price to more than 3 per cent above the value of Rentokil's cash and paper offer of 19.5p. However, Rentokil shares also rose 4p to 35.4p. Rentokil is offering nine new shares and 800p cash for every 20 BET shares, with a cash alternative of 17.5p.

John Clark, BET chief executive, said the forecast was "tangible proof that BET is delivering on its promises. These results demonstrate that BET has an exciting independent future and that Rentokil's offer is wholly inadequate."

Rentokil said it was surprised that BET had released a profits forecast so early in the bid timetable, leaving the company with almost nothing left in its armoury.

However, the timing may have something to do with Rentokil holding an extraordinary meeting yesterday, giving management little time to respond.

BET, which has already forecast a 27.5 per cent rise in this year's dividend to 5.1p, may be tempted to forecast one for next year.

Paul Morland, analyst at NatWest Markets, said the final profits figure would include a lot of provisions. He said the 10 per cent turnover rise meant BET's forecasts relied on larger margins than analysts had been expecting. "But it does not affect the way we see the bid," he said.

Another analyst said there was not enough detail in the

defence document to check how the profits numbers had been arrived at, though he did not question the validity of the figures.

"We need to see what is going on in the major businesses," he said.

Clive Thompson, Rentokil's chief executive, said: "BET shareholders must surely be surprised that their board did not produce more. They must also question why their board has not provided them with the necessary detail to understand the forecast properly. If this is the best that the BET board can do, we continue to wonder why it does not recommend the offer."

Rentokil, which this week claimed 2.9 per cent of BET shares, reiterated its objective of providing 20 per cent profits and earnings growth if it acquires BET. The company's bid was approved at an extraordinary meeting yesterday.

Rentokil said its door was always open if BET wanted to talk about an agreed deal, but the company said it would not approach its target again. BET has twice publicly rebuffed Rentokil's attempt to get a recommended offer.



Defender: John Clark said BET was delivering on its promises. Photograph: Edward Sykes

Frost claims petrol price war will kill independents

NIGEL COPE

Britain's largest independent petrol retailer hit out against the Esso-inspired petrol price war yesterday, blaming the oil giant for a sharp drop in its sales which could make the company a takeover target.

Frost Group, which trades under the same name, said its market share had fallen by 15 per cent since Esso launched its Pricewatch campaign which pledged to match the lowest price offered by any petrol retailer within a three mile radius.

Frost's share of the UK petrol market stood at 4.7 per cent prior to the nation-wide launch of Pricewatch in mid-January. It has since slid to 4 per cent. The company's share price has also collapsed, falling from 26p in June to just 11p, down another 2p yesterday. James Frost, chairman, admitted yesterday that the collapse made the company "dirt cheap".

He said that the price war was likely to force more mergers along the lines of BP's recent deal with Mobil and that these could include Frost.

He said: "The big three oil majors [BP, Esso and Shell] are going to account for around 50 to 55 per cent of the market. The hypermarkets are going to account for around 22 per cent. That doesn't leave much room for anyone else."

He admitted that as a specialist retailer which did not have a refinery, Frost would be an attractive target for a merger or take over by a company seeking to get into the UK market. "When this price war is over, the UK petrol market is going to be a closed shop. It will be impossible to get in."

He said that no discussions were taking place at the moment.

He reiterated past comments that the middle ranking oil companies such as Fina, Q8, Repsol, and Gulf were going to be under pressure. More than 3,000 privately-owned independent petrol stations would go bust this year, he said.

The price war has proved costly for Mr Frost, who would have received more than six million shares in the company had he achieved earnings growth of 18 per cent. The price war means he will now fall short of that target.

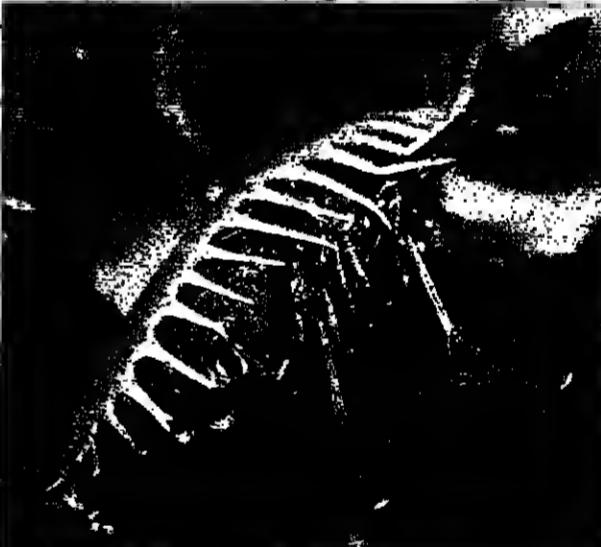
Esso launched its Pricewatch

campaign nationally in mid-January in a bid to boost its share of the UK petrol market from 16 per cent to 20 per cent. The supermarket groups have hit back by matching prices and offering forecourt promotions for the first time.

The most likely victims of the battle are the independent garages. Mr Frost said yesterday that 4.3 per cent of UK sites closed last year, compared to 15p higher to close at 56p. The dividend for the year was set at 9p, compared to 7.4p a year earlier. The company said it intended to make acquisitions in the near future, but did not provide details. Analysts said new business so far this year augured well for 1996 results.

CITY DIARY
John Willcock

Boffins cash in on honey traps



To catch a fly: Dr Howse was inspired by Venus fly-traps

Sex, drugs and violence are about to earn millions for Southampton University. Biologist Dr Philip Howse has invented an insect trap which lures the little beauties with sex stimulants and then cripples them.

The device goes on sale in California in the summer. Dr Howse, the brains behind the invention, was inspired by the carnivorous Venus flytrap plant. He believes the devices, currently being tested in orchards in Mauritius where fruit flies are a great pest, could be used instead of pesticides.

"The beauty of the thing is it involves absolutely no toxins or chemicals and is completely environmentally friendly," he said.

All insects have adhesive suction pads on their feet and the fine layer of powder simply stops them working. Dr Howse is now working on a trap to get rid of wasps and other flying pests. But mostquitoes have so far slipped the net during tests.

"They're proving tricky because they can fly vertically but I'll get there in the end," said Dr Howse.

Beef News 1: Butchers Hall is closing. Nothing to do with Mad Cow Disease, but the livery hall next to London's central meat market in Smithfield is closing down for a month - for renovation.

Head of catering, Charles Boyd, assured us yesterday that the hall, opened in 1975, would definitely reopen, with a spanking new features such as air conditioning and secondary glazing.

Beef News 2: "The British people have been exposed to a range of new food products in the last few years, and

IN BRIEF

Germany's finance minister, Theo Waigel, said GDP might fall again in the first quarter of this year, but said this did not mean the economy was in recession. Separately, one of Germany's respected research institutes, the IWH in Halle, said conditions had not worsened since the new year. It predicted 1.5 per cent growth in 1996, making it relatively optimistic.

The Bundesbank's chief economist said the acceleration in M3 growth reported on Wednesday would not change the central bank's view about the potential for a cut in interest rates, restoring hopes that this might happen after next Thursday's council meeting.

Commercial Union's chief executive, John Carter, saw his total emoluments rise 26 per cent to £468,000 last year. His basic salary rose from £365,000 to £315,000, other benefits added nearly £27,000 and he also picked up a performance-related bonus of £12,600, up from £84,800 the year before. Mr Carter also made a nominal profit of £73,800 from the exercise of options, of which £16,000 was realised in cash.

Laini, the civil engineering to householding group, said it believed the construction industry was at last becoming realistic about the prevailing trading environment, suggesting that an end to last year's "cut-throat competition, wafer-thin margins and high restructuring and reorganisation costs" might finally be in sight. Those conditions contributed to a fall in pre-tax profits from £23.8m to £20.1m, earnings per share slipped from 17p to 13.5p, while the dividend was maintained at 9p.

Hepworth, the Samson Duval boiler to clay pipe building products group, accompanied broadly expected profits with a hint that it was prepared to boost shareholder value by buying in some of its own shares. A proposal to buy back up to 10 per cent of the shares will be put to Hepworth's annual meeting in May. Pre-tax profits for the 12 months to December came in £1m lower at £74.5m, allowing a maintained dividend of 14.85p.

Invesco, the fund manager, benefited from its strong American bias last year as pre-tax profits rose 28 per cent to £50.4m. Norman Riddell, chief executive, said the European and Asia-Pacific markets had been nervous and produced less new business. Global funds under management in 1995 rose 29 per cent to £54.6bn from £42.9bn and Mr Riddell said the first months of 1996 had been encouraging. Invesco said it will continue to expand into Continental Europe as part of its development in each of its three regions, and with £68m of cash on the balance sheet was on the look-out for targeted acquisitions.

Abbott Mead, the advertising agency, yesterday unveiled a one-for-eight rights issue aimed at raising £18.4m on the back of a 27 per cent increase in pre-tax profits to £10.4m for 1995. The results at the fourth-largest London-based agency help send shares 15p higher to close at 56p. The dividend for the year was set at 9p, compared to 7.4p a year earlier. The company said it intended to make acquisitions in the near future, but did not provide details. Analysts said new business so far this year augured well for 1996 results.

Milland Ind News, the regional publisher, shrugged off high newspaper prices and sluggish advertising growth to announce 1995 pre-tax profits up 28 per cent to £16.3m, on revenues marginally ahead to £93m from £89.5m a year earlier. Margins remained steady while circulation at the company's main titles, including the Birmingham Post, rose slightly.

COMPANY RESULTS

	Turnover (£)	Pre-tax (£)	EPS	Dividend
Abbott Mead Vickers (F)	267m (243m)	10.43m (8.22m)	19.35p (15.68p)	9p (7.4p)
Applied Distribution (F)	42.7m (33.5m)	5.07m (4.01m)	10.4p (8.7p)	4.5p (4p)
APV (F)	882m (875m)	29.6m (18.2m)	7.2p (4.3p)	3.7p (2.7p)
Blagdon Industries (F)	239m (224m)	9.0m (5.8m)	8.2p (11.5p)	2p (1p)
Frost Group (F)	451m (329m)	11.7m (10.9m)	10.2p (11.5p)	7p (5.6p)
Geest (F)	381m (323m)	-0.6m (12.8m)	-3.5p (13.2p)	8.1p (8.1p)
Hepworth (F)	765m (696m)	74.5m (75.5m)	20.8p (21.6p)	14.85p (14.85p)
John Laing (F)	1.19bn (1.16bn)	20.1m (23.8m)	13.5p (17p)	9p (9p)
Manders (F)	155m (118m)	11.6m (23.9m)	20.24p (41.08p)	11.5p (11p)
Midland Ind News (F)	98.4m (89.5m)	16.3m (12.7m)	7.91p (8.34p)	3.5p (3.3p)
National Express (F)	318m (170m)	41.5m (15.2m)	35.5p (25.5p)	10p (8.7p)
Rentokil (F)	80.0m (77.1m)	15.3m (14.0m)	11.1p (10.01p)	5.4p (4.8p)

THE INDEPENDENT PREMIUM BOND CHECKLINE

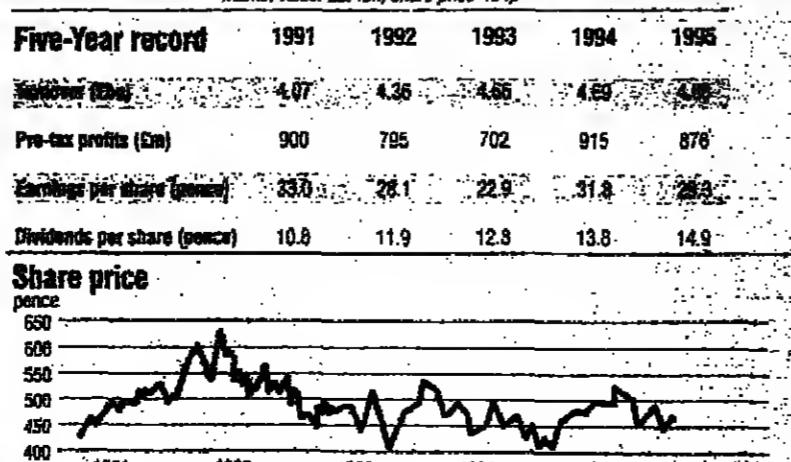
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international

Kabul pays to keep enemy at bay

TIM MCGIRK
Kabul

Afghan history has proven that Kabul, shielded by a forbidding range of mountains, can only be conquered by treachery. It has happened in the past, and the President, Burhanuddin Rabbani, is anxious it should not happen to him.

After 14 years of fighting against the Soviets and then among the victorious Islamic rebel factions, money has become the only guarantee of a warrior's loyalty. So, with the Taliban militia gathering forces south of Kabul and preparing for an assault, President Rabbani placed an order with his former enemies, the Russians, to print up bales of new Afghan currency notes.

Flown in by Russian cargo planes to the former Soviet military base at Bagram, 30 miles outside Kabul, the crisp new bills were passed out by the jeep-load to commanders in the mud-walled villages and mountainsides along the front.

There was a miscalculation. The new Afghan bills were almost worthless. The money traders near the Blue Mosque were the first to realise that President Rabbani lacked the hard cash and belligerence to prop up his gift. When the Afghans began falling against the dollar, wiping out people's meagre salaries, the police shut down the money bazaar. This was the people of Kabul's first sign that the next siege of their devastated city was about to begin.

The Taliban started over a year ago as a mass movement of Koranic students who wanted to put a stop to anarchy and war. Chopping off the bands of thieves and hanging bandit commanders from tank barrels as they went, the Taliban swept through the desert badlands in the west and south, capturing the towns of Kandahar, Gardez, Ghazni and Herat. In Kabul, few believe the students learned to fly helicopters and shoot rocket launchers in their religious schools. President Rabbani accuses Pakistan of aiding the Taliban, whose graphic descriptions of the Rabbani government have not been forgotten by Kabul officials. "They say Kabul is like a well with a dead rat inside," a foreign ministry official recalled.



Keeping watch: Government troops manning the front line south of Kabul only 200 yards from the Taliban militia

Photograph: Tom Pilston

Just a few miles past the summer palace of Darulaman, holed and blasted by the warring factions, lies the front line between the President's forces and the Taliban. The two sides are only 200 yards apart, shooting from the windows of abandoned farmhouses, and the air burns with the passage of bullets and larger objects.

Despite the chill, some teenagers on the government side wear rubber sandals. Few of the new Afghan notes bad drifted this far down the chain of command. The shaggy youths roared with a rocket-propelled grenade aimed through a hole in the mud wall. "Shall I fire it?", one boy asked. "The Taliban are sure to shoot back. They might kill us." This seemed to be a novelty, a side of war he had only recently discovered.

As we were scurrying through the courtyard of the farmhouse, the oldest boy stepped forward and said apologetically: "It's our tradition to offer you tea but we don't have it." He added: "And besides, the Taliban have artillery-spotters up there. You'd better go."

Unless the Taliban can bribe a government commander or two, their attack on Kabul is probably doomed. It is expected within the next month, unless the government strikes first. Mr Rabbani and his defence adviser, Ahmed Shah Massoud, would probably hit the Taliban base 40 miles south of Kabul, at Maidan-Sbar.

If successful, Mr Massoud may attack the Taliban-held city of Herat, whose cultivated, Persian-speaking inhabitants loathe their Pashtun invaders.

President Rabbani's forces are well-armed and have new, powerful allies: India, Iran and, most surprisingly of all, Russia. After waging a jihad against the Russians for 10 years, Mr Rabbani has become their friend. Not only do the Russians send in fresh supplies of money, they also stock Mr Rabbani with ammunition needed to keep his Soviet-made weaponry firing.

India and Iran are propping up President Rabbani to stop Pakistan from meddling too deeply. The Afghans tell a joke about a zookeeper who has two Afghan hounds that constantly fight. He lets a bear into the dog pen. The two hounds immediately tear into the bear, wounding it so badly that the zookeeper has to rescue the larger animal. Without drawing a breath, the two Afghans

hounds resume their fighting. Before, the Soviet Union was the bear that intruded into Afghanistan. The next could be Pakistan.

Pakistan wants to open trade routes from the new Central Asian republics to the seaport of Karachi. It can only do this through Afghanistan, where the roads are bad and vehicles tend to get stolen. Using the Taliban, the Pakistanis have pacified a swathe of the country, from Quetta to the western town of Herat. Ignoring President Rabbani, the Pakistanis have announced plans to build a Taliban-protected road to Turkmenistan. Pakistani banks and consulates have sprung up inside Taliban territory.

This alarms not only the Iranians, whose border lies close to the projected Pakistani road.

Some of the rebel mujahedin factions fighting against Kabul are staring to view the Taliban - and their Pakistani mentors - with hackles raised. President Rabbani is holding exploratory talks with his old enemy, Gulhuddin Hekmatyar, whose militia infests the canyons between Kabul and the Khyber Pass.

At least 1 million Afghans have been killed since the Communist takeover in 1979, and 8 million have been displaced by fighting. As the Taliban and the government ready for war around Kabul, many Afghans heed an old superstition. Wasif Bakhti, a radio announcer, explained: "The mujahedin commanders went to Mecca and swore they would honour peace. They broke that oath, and now Afghans say they have put a curse on their country."

A funny thing happened on the way in from the airport. I stopped off unannounced at a government office, walked in through the door, found a room full of Chinese officials and was immediately swamped with information and offers of help.

And if this was not enough to give one severe culture shock, the episode all took place without either a demand for payment or even the need to treat anyone to an excruciating banquet of Shandong specialities.

Such are the delights of a first-time visit to Taiwan after several months without a break living in the People's Republic of China, where it is a battle just to find out the times of trains. It would be difficult to exaggerate the immediate differences between the two China. One knows from the little things that one has crossed more than an invisible psychological line. It starts with the way people use language. Visitors from Peking must learn very quickly not to use the word "Zhongguo", or China, if what they really mean is "da lu", the mainland. "China" is not even listed in the phone list of foreign countries, for this of course is the "Republic of China on Taiwan".

Then there is the unexpected self-assurance of Taipei's population, even when the mainland has been raining down missiles into the nearby seas. In Peking, any foreigner will be asked a multitude of times, "What do you think of China?" The expected answer should be something akin to "fantastic", and anything less is taken as an affront. In Taipei, locals will simply tell you "Taiwan is good" - without any need for confirmation.

As for the perceptions each side has of the other, the differences are wider than the Taiwan Strait. I was taken aback last May in Peking when a liberal-minded, 31-year-old Chinese friend, married to a Westerner, telephoned, "How could America do it?" was his outraged reaction on learning that the Taiwanese president, Lee Teng-hui, had secured a visa to visit the US.

Asked whether the mainland should invade Taiwan if the island declared independence, he said: "I guess so. Like most people in China, he seemed to have no idea about life in Taiwan and the political transformation of the past decade.

Many Taiwanese, by contrast, know someone who has travelled to the mainland since restrictions were scrapped in 1987. They do not like what they

see. And yes, there is hardly any splitting.

None of this is to deny that there are also serious problems in Taiwan, such as organised crime and related political corruption. But as regards the latter, Taiwan is now lagging behind the mainland.

Whatever their preferences of candidate, Taipei people repeatedly stress that they are Taiwanese first. The fortune-tellers have been rather pessimistic recently on the likelihood of conflict with the mainland. One old lady said it would have to be left to fate. But one Taiwanese at least refused to worry. "If they attack, property prices will fall," he laughed. "And I will be able to afford to buy a home."

Greece Exporter

TAIPEI DAYS

Right side of the strait for a normal life

Car-jacker caught on tape as victim pleads for life

DAVID USBORNE
New York

a mini-cassette recorder into a shirt pocket and taped the conversation.

The tape, which came to an end before she died, now stands as an unassailable item of evidence in the prosecution's case against the teenager accused of the crime. It is also a final testament to her willingness always to try to get through to even the most troubled of youngsters.

Police say they are now "beyond confident" that Michael

LeSane, 17, is the man who burst into Mrs Weinstein's car at a New Jersey shopping mall on Thursday of last week. "His voice is on the tape," John Doran, a spokesman for the state prosecutor's office confirmed.

After ignoring the reasonings of Mrs Weinstein, Mr LeSane allegedly suffocated her with her own clothing and dumped her body by the side of a highway south of New York City. The ac-

cused turned 17 the day after the murder and had bragged to school friends that he had stolen a gold Toyota Camry as a present to himself - the kind of car driven by Mrs Weinstein.

The tape reveals Mrs Weinstein pleading with her assailant. "You haven't done anything yet. All you have to do is let me go and take the car," she says on the recording. "For my life, don't you think I should ... let you take my car? For my life!"

Others were rewarded with prizes sponsored by local businesses, such as free pizza lunches or film tickets.

"It was her way," remarked James Ouellette, assistant headmaster of the school.

A makeshift memorial had been established yesterday under the main signboard outside the school that carried the message: "Mrs Weinstein. Thanks for your random acts of kindness. Students who went out of their way with kind gestures toward



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